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ABSTRACT

Recent labor market and economic trends have spotlighted the need for work force development systems and policies to simultaneously serve employers seeking qualified workers and individuals who want to find work and advance toward self-sufficiency. This need has in turn led to the development of labor market intermediaries that can perform a wide range of functions, including organizing, convening, brokering, and providing services to employers. The recent expansion of labor market intermediaries is being driven by changes in labor markets and the macroeconomy, new directions in social and employment policy, and lessons from past welfare and work force programs. The three priorities of local labor market intermediaries are as follows: improving the job matching process; increasing work force quality; and changing employer behavior (improving job quality, firm productivity, and training opportunities within firms). The types of organizations performing intermediary functions include agencies in the public sector, community-based organizations, employer associations, unions, community colleges, and

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multisector collaborations. Eight characteristics of effective intermediaries have been identified along with seven recommendations for good practice. The following case studies are appended: "Chrysalis" (Dorie Seavey); "Wildcat Service Corporation and the Private Industry Partnership" (Jonathan Schlefer); and "WIRE-Net and the Hire Locally Program" (Patricia Ma, Tony Proscio). (Contains 15 endnotes.) (MN)

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Improving Low Income Job Seekers' Employment Prospects:

The Role of Labor Market Intermediaries

A Background Paper

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I. Introduction

Recent trends in helping less-skilled individuals succeed economically put work at the center of policy and practice. Emerging models emphasize the need to serve "dual customers"—employers seeking qualified workers and individuals looking to find work and advance toward self-sufficiency. This fairly simple, even obvious, formulation has significant implications for both practice and policy.

Serving these two customers requires bridging and brokering between two very different worlds—and doing so in ways that are customer-oriented, responsive, and entrepreneurial. Work-focused welfare and workforce development programs place a premium on improving the labor exchange (i.e., how employers and qualified job seekers find each other). However, because their goal is to help disadvantaged individuals move toward self-sufficiency, not just into employment, these efforts typically go beyond job brokering: they take a more active role in improving how local labor markets function, particularly for less-skilled workers.

On the one hand, these initiatives work with job seekers to improve their skills, attitudes, and behaviors, so they are better qualified for available employment opportunities. At the same time, they work closely with employers, trying to influence firm decisions regarding recruitment and hiring, on-the-job learning, work organization, and post-employment supports and benefits that can affect an employee's income and career prospects. The most ambitious—and most promising—efforts work to improve both the quality of job seekers' preparation and the quality of job opportunities to which they have access.

This balancing act is not easy: it requires a particular mix of relationships, skills, credibility, mission, and capacity that enable organizations to be "intermediaries" in the labor market, organizing, convening, brokering, and providing services to individuals and employers. This paper is about organizations that play these intermediary roles in their communities—and strategies for expanding and strengthening their efforts to improve the employment prospects of low-income individuals.

While the existence of institutions and organizations that mediate between job seekers and employers is not new, intermediaries appear to be taking on broader and more varied labor market roles. They are becoming more important local institutions, particularly for low-skill workers trying to enter and move up in today's increasingly volatile and complicated labor market.

However, if these promising strategies are to become more common and effective, significant obstacles must be overcome. Innovations in both practice and policy will be necessary to expand, strengthen capacity, ensure quality, and promote the sustainability of intermediary organizations. Challenging questions remain about the best strategies for promoting these efforts—and for justifying public investment in their development and promotion. The last sections of this paper assess the characteristics of effective labor market intermediaries and make recommendations

for policymakers and practitioners interested in encouraging the development of these institutions.

II. What's Driving Intermediary Strategies? Labor Market, Policy, and Program Trends

People typically find jobs through one of three methods: personal and social networks (friends and family); open-market mechanisms (newspaper or Internet ads, cold calls and walk-ins); and assistance from organizations and institutions that act as brokers between job seekers and employers (state agencies, temporary help firms, schools, unions, and other state or private organizations).[1]

These third parties—frequently called "labor market intermediaries"—can improve the match between employers and job seekers by taking some of the randomness out of the mutual search, routinizing access to information and, as one observer put it, "shortening the relational chains" that help employers and job seekers find each other and learn enough about each other to make informed choices.[2] From the employer's perspective, intermediaries can reduce some of the inefficiencies of the labor exchange process. From the job seeker's perspective, intermediaries can help overcome weak family and neighborhood job networks and limited understanding of how to navigate the open labor market.

While public and private sector institutions—the Employment Service, temporary help and other placement firms—have played brokering roles between employers and job seekers for many years, the number and kinds of organizations now involved in efforts to improve job access and career advancement is on the rise. So, too, is the scope of the labor market activities of these agencies and organizations.

The expansion of intermediary activities and organizations in recent years is being driven by three distinct trends:

1) **Changes in labor markets and the macro-economy**, which are making it more difficult for less-skilled segments of the population to succeed in the labor market and for employers to find and keep qualified workers;
2) **New directions in social and employment policy**, which put work at the center of anti-poverty policies; and
3) **Lessons from past welfare and workforce programs**, which reinforce the emphasis on work-centered policies, responsiveness to employers and labor market dynamics, and job retention and advancement.

Together, these forces are leading to greater experimentation with institutions and policies to improve the efficiency and equity of labor markets.

Labor Market and Economic Trends

The past two decades have been characterized by: greater employer reliance on external labor markets for finding qualified workers; rising skill requirements; and, during the 1990s, tight labor markets. Together, these trends encourage both employers and job seekers to find ways to make recruitment and job matching more efficient, less risky, and less costly.

1. **The collapse of the post-war employment relationship**. In the post-World War II period, American workers typically began their careers in entry-level positions that required relatively few job-specific skills. Over time, employees received training on the job, earned seniority-based wage and benefit gains, and advanced through internal labor markets to positions of greater responsibility and pay. This system minimized the risks to both employers and employees of relying on external labor markets to fill open and new positions.

However, faced in the 1970s and 1980s with deregulation and accelerating global competition, employers began to find the old system increasingly costly and rigid. They responded with outsourcing, downsizing, and other restructuring strategies that increased their hiring and human resource flexibility.

As a result, old patterns of job search, hiring, training, and advancement are being replaced by employment relationships that are increasingly impermanent and flexible, providing far less job security. Employers rely more routinely on external sources for new employees (e.g., college recruitment offices, temporary help firms, newspapers). Flatter job hierarchies and increased outsourcing frequently mean fewer rungs on internal career ladders and the elimination of intermediate jobs that provided less-skilled workers with routes to advancement. As internal labor markets become less dominant, one's labor market outcomes become far less predictable and more dependent on luck.

2. **The rise of service industries and occupations**. Employment patterns and work organization within service industries and occupations—such as low levels of unionization, smaller firm size, and shorter and less developed internal career ladders—exacerbate the labor market trends described above. The growth of services relative to manufacturing has contributed to wider wage inequality, increased job instability, more non-standard work arrangements (including part-time work, independent contracting, and on-call and day labor), and shorter career ladders.[3]

3. **The changing demand for skills and education**. Skill demands are rising across the economy, though the pace of change was probably faster in the 1980s than in this decade.[4] Front-line worker responsibilities and breadth of tasks are increasing. Employers expect more and more varied competencies from employees, as well as the ability to learn new tasks and adapt to changing job requirements. Job requirements at the low-end of the labor market have risen significantly: basic numeracy and literacy are expected more frequently, as are facility with basic computer use and "soft skills" such as communication, teamwork, and problem solving.[5]

To some extent, employers are more concerned about the future than the present. They are increasingly nervous about whether today's—and tomorrow's—workers will contribute productively in a faster-paced economic environment. Concerns about rising skill requirements—perceived or real, concentrated in particular sectors or more generalized, cyclical or longer-term—play an important role in employers' labor market calculations and their willingness to collaborate to find predictable sources of qualified workers.

4. **The long economic expansion of the 1990s**. This decade's economic expansion and the tight labor markets it has created are a major motivator for employer engagement in partnerships to improve the quality of labor market matching. Poor job matches are particularly costly in tight labor markets: employers must absorb costs of skill remediation and long, repeated searches for qualified entry-level workers. As low unemployment levels collide with the greater reliance on external labor markets, employers and their advocates are desperately seeking ways to improve the quality—and reduce the risks and costs—of recruitment, job matching, and employee retention.

A New Policy Environment

The United States is in the early stages of an unprecedented social experiment: remaking welfare policy to emphasize employment rather than income maintenance. At the same time, federal workforce development policy has also been overhauled, with the goal of maintaining local flexibility while improving performance and accountability of the employment and training system. Together, these legislative initiatives promote greater emphasis on responsiveness to employers and on institutions that can help bridge the gaps between disadvantaged job seekers and employers seeking qualified workers.

Welfare: The 1996 Personal Responsibility and Work Opportunity Reconciliation Act transformed the U.S. welfare system into a work-based system. The Act limits almost all welfare recipients to a lifetime maximum of five years of federally financed assistance, ending the previously assumed right of poor parents to federal welfare assistance. The Act also requires most welfare recipients to find employment or participate in activities leading to work. It places a priority on job search and rapid attachment to the labor market—the "work-first" approach—rather than longer-term education and training strategies.

The legislation also gave the states responsibility for designing and administering public assistance. States have broad discretion in: allocating funds to different purposes, establishing the respective roles of state and local governments, and determining the stringency of work requirements and the forms of supportive services available to recipients. As a result, considerable variation is emerging among states in terms of priorities and allocation of federal block grants.

In 1997, Congress authorized a $3 billion investment over two years in a Welfare-to-Work (WtW) Grants Program as a complement to welfare reform block grants. The WtW grants are specifically designed for work-related activities that can

move welfare recipients into long-term unsubsidized employment. The grants are targeted to the least employable recipients and to non-custodial parents of children on welfare. Administered by the U.S. Department of Labor, the funds can be used for wage subsidies, on-the-job training, job placement services, post-employment education and training, job retention services and other supportive services. WtW funds cannot be used for stand alone, pre-employment job training or education, though they can be used for education and training delivered in tandem and coincident with employment.

Workforce development: As the Welfare-to-Work Grants Program indicates, the U.S. welfare and workforce development systems are moving toward each other. In 1998, following years of state-level innovations, the federal government passed a major reform of the nation's workforce system. The new system is intended to overcome weaknesses of the existing patchwork of programs, few of which ever demonstrated significant improvements in employment and earnings for participants and most of which were only weakly connected to local employers. According to the Department of Labor, the new system is designed to "meet both the needs of the nation's businesses and the needs of job seekers and those who want to further their careers." The legislation is based on the following elements:

- A "work first" approach, like the welfare system
- Local design and management of programs
- Convenient single point of access to employment, education, training, and information services
- Individual choice regarding training programs and service providers
- Stronger accountability through information on the success rate of training providers, including measures of retention and advancement
- Leadership and active role for business in ensuring that the system prepares people for current and future jobs.

One weakness of the system is its continued disconnection from the mainstream education system, particularly the postsecondary institutions whose credentials are increasingly important for success in the labor market. This shortcoming opens another set of opportunities for intermediaries at the local level: to act as a broker between the education and training systems in ways that serve both employers and disadvantaged job seekers more effectively.

Lessons from Past Workforce and Welfare Programs

The third factor contributing to increased interest in intermediary strategies and organizations is the growing body of research on "what works" in programs designed to help disadvantaged workers achieve labor market success and escape dependency.

Thirty years of research and evaluation of U.S. workforce preparation programs for economically-disadvantaged individuals has found that few programs have resulted in sustained long-term employment or occupational advancement. Most

observers note that these programs are rarely intensive enough to improve economic outcomes significantly: the two most commonly-tried strategies are short-term job search assistance with no educational component and short-term (3-6 month) stand-alone pre-employment basic education or training. Neither of these approaches has helped low-income individuals find better jobs than they would have on their own.[6]

Other weaknesses of most federally funded employment and training programs include:

- A tendency to focus too much on individuals' skill development, independent of actual labor market opportunities
- Inadequate, overly general labor market information about the skill needs of employers and clusters of related firms
- Program designs that are sequential—basic education first, then a job—rather than integrated
- An overemphasis on job placement and an underemphasis on long-term post-placement support
- A bias toward full-time job placements, when many disadvantaged individuals need gradual acclimatization to employment and can benefit from "trial" employment

Welfare-to-work and workforce programs that have been relatively more successful have avoided some of these pitfalls. They provide a mix of services: job search, basic education, and job training—and work. According to one synthesis of the evidence, effective programs "offer a wide range of individualized services; have a central focus on employment; have close ties to local employers; and are intensive, setting high expectations for participation."[7]

Another recent research review highlights three design elements that can help improve program performance and job retention among welfare recipients:[8]

1. **Quality jobs with quality employers** that pay above subsistence wages and benefits and that value retention of new employees on the job;
2. **Training that is focused on employment and on job retention**, through consultation with employers on training content, modules on soft skills, and mixing of work experiences with classroom learning to the extent possible; and
3. **Post-placement support services** for both employers and employees, so that problems are resolved early.

III. Labor Market Intermediaries: Definitions and Roles

As noted above, the traditional definition of a "labor market intermediary" refers to organizations that match employers and job seekers. However, that definition is too restrictive, given the range of intermediary strategies being implemented today by innovative organizations.

The traditional definition implies a passive acceptance of the labor market as it is: the intermediary works primarily to improve the efficiency of the labor exchange. Today, though, there is growing experimentation with labor market interventions designed to change both job seekers' readiness and ability to secure better employment and employers' recruitment, hiring, training and work-organization practices. Organizations that have specialized in job matching, such as temporary help firms, are beginning to do more training; education and training institutions are taking more active roles in job placement and in understanding local labor market conditions; and some efforts are explicitly working to link employers, job seekers, and education and training institutions in new partnerships.

It is helpful to distinguish among three different priorities of local labor market intermediaries:

- Improve the efficiency of the **job matching** process, accepting the labor market as given;
- Accept employer demand as given and work to improve the ability of job seekers and of supply-side **workforce development** institutions to meet employer needs; and
- Change **employer demand for labor** in ways that reduce inefficiencies and inequalities in wages, benefits, job security, and advancement.

Improving Job Matching

Efforts to improve the quality of job matching typically focus on three activities:

- Labor market information and how it is collected, organized, and disseminated;
- Assessing individual skills and attitudes and employer needs and work environment; and
- Job placement.

Job brokers work both sides of the labor market, constantly evaluating the local economy and changing labor market needs while also assessing the skills, attitudes, and interests of job seekers. In recent years, there has been significant innovation in technology that has improved the ability to collect and analyze data on local firms and on individual skills and abilities. Successful job matchers use Internet and other computer-based job banks. They also try to understand local trends in particular industries and sub-industries, such as the demand for home health care workers in different neighborhoods or the changing software standards in office work environments. These brokers tend to combine "high tech" with "high touch," integrating information technology with close working relationships with both employers and job seekers.

Increasing Workforce Quality (Labor Supply)

Most efforts to improve earnings, employment, and career prospects for low-wage, displaced, or other disadvantaged populations focus on the supply side of

the labor market—workers' skills, attitudes, and characteristics. Workforce development emphasizes job training but is not synonymous with it.[9] It frequently incorporates:

- Vocational counseling
- Skills and interest assessment
- Orientation to work
- Pre-employment education and training
- Job placement
- Mentoring on the job
- Post-placement counseling and crisis intervention

Compared to job-matching efforts, workforce development strategies are less passive labor market interventions. At the same time, these initiatives tend to accept employer demand as a given to which community-based and other providers must respond.

Workforce development activities do not necessarily involve intermediaries. An individual might, on his or her own, pursue training at a community college; a firm might contract directly with a training vendor for a workplace literacy course.

However, the most interesting and, it appears, successful workforce preparation initiatives involve organizations that bridge employer and job seeker interests, act as brokers among diverse local institutions, and seek to improve the alignment between emerging demand for labor and services to individual job seekers.

Changing Employer Behavior (Labor Demand)

To an extent, the new interest in intermediaries is a reaction to efforts that have been disproportionately "supply side," emphasizing education and training investments without considering strategies to increase employer demand for skill or their provision of training.[10] An increasingly important set of emerging initiatives attempts to influence the dynamics of employer demand for workers, including: job quality, wages and benefits, and opportunities for access, advancement, and skill development.

Some of the most promising of these approaches—often called sectoral strategies—are labor-management or community-based efforts to improve job quality, firm productivity, and training opportunities for firms in particular industry sectors. These initiatives frequently involve organized groups of workers, job seekers, or community residents who advocate for firm and industry policies that can create value for participating firms and their lower-paid and lower-skilled employees.

Types of Organizations Performing Intermediary Functions

This is a period of early experimentation with ways to improve the connections among employers, disadvantaged job seekers, and employment and training providers. Many different organizations, within the private, public and non-

profit sectors, are expanding their activities in this arena:

Temporary help and staffing firms: A rapidly growing industry that is responding to and accelerating labor market trends toward non-standard work arrangements, staffing firms have been expanding in niches at both the high end of the labor market (professional and technical workers) and the low end (welfare and other low-skill workers). Kelley Services, for example, has partnered with Michigan Works!, the state welfare-to-work program. Manpower, Inc. has developing contractual relationships with community colleges and community-based organizations in the Seattle, Washington, area to help create credentialed career pathways for disadvantaged individuals trying to enter and advance in targeted industries. The most aggressive of these firms, which have traditionally focused on job matching in particular industry and occupational niches, are adding self-paced training in popular software and are marketing their assessment and customer service approaches to public sector workforce agencies.

The public sector: In the United States, the reform of workforce development is built upon the proliferation of new One Stop Career Centers. One Stops are the government's vehicle for improving labor market information and referrals to jobs and training. One Stops vary in design, but share the goal of integrating fragmented services for employers and job seekers. A typical One Stop provides individuals with job search, referral and placement assistance; testing, assessment, and counseling; communication support (phone, fax, computers); assistance with benefit eligibility and receipt; and, to varying degrees, training and education. For employers, One Stops provide preliminary intake, applicant screening, and case management services. Some, again with fee-for-service, offer consulting and contracting for workplace training. Under the new Workforce Investment Act, One Stops are directed to provide information services to anyone who walks through the door, regardless of income or other characteristics. More intensive services are free to individuals eligible through various government programs.

One Stops are not simply the Employment Service renamed. A range of different entities and partnerships can manage local One Stops. In Boston, Massachusetts, for example, there are three One Stop Career Centers, which were chosen through a competitive application process. In one, the Employment Service is a partner. Another, the WorkPlace, is co-managed by three local not-for-profit organizations. Although their efforts vary as a result of their geographic location (in terms of industries and individuals served), the three Centers compete for listings, placements, and services.

Community-based organizations: Perhaps the most significant changes in the organization and delivery of employment and training services are happening among community-based organizations (CBOs). In the U.S., CBOs have traditionally been direct service providers for disadvantaged residents of the neighborhoods they serve. Unfortunately, their record has not been a strong one. Too often, they have been forced by funding guidelines to deliver training of short duration with staff that lack training and professional development opportunities with equipment and methods that are antiquated.

The growing sophistication of the best of these institutions—and their commitment to being more responsive to employers and their needs—marks an important change (see box on Project QUEST). To some extent, federal legislation is now driving these changes: to continue to deliver services, CBOs (like other organizations) will have to demonstrate high placement rates in jobs that program participants keep. However, some organizations began moving in this direction long before any legislative incentives: the impressive Center for Employment Training in San Jose, California, has been pursuing this approach for thirty years.

Some CBOs have established temporary help firms of their own targeted to their constituency (see case study of Chrysalis in appendix). The Milwaukee Careers Cooperative, for example, negotiates employment contracts that include a 30-to-90-day probationary period, after which qualified employees are hired into permanent jobs.

Other CBOs are actively pursuing closer and more responsive relationships with employers. Wildcat Service Corporation (see case study in appendix) initiated a program in 1996 designed to prepare a segments of its client base for quality jobs with particular employers in New York City's financial industry. Today, only 200 of Wildcat's 3,000 annual clients are enrolled in the Private Industry Partnership, but staff sees this model, which involves training to company specifications, collaboration between company and Wildcat staff, and trial employment as part of the program design, as the most promising direction for Wildcat's future.

Project QUEST, San Antonio, Texas

Project QUEST in San Antonio, Texas, has broken with the failed strategies of short-duration stand-alone training divorced from employer demand. This effort, developed by the grassroots community organization, Communities Organized for Public Service, and the related Metro Alliance, is not only responsive to employer needs but also demands that participating employers offer good jobs to graduates.

QUEST works with employers, local community colleges, public agencies, and neighborhood residents to broker long-term training for residents with high school diplomas, some work experience, and difficulty escaping poverty-level jobs. QUEST identifies growing sectors with high demand in jobs that can pay above poverty wages and then asks employers in that sector, as a group, to commit to guaranteeing graduates good jobs with advancement opportunities. Employers select the training field. QUEST staff helps employers and community colleges work together to shape an appropriate curriculum. Participants receive community college tuition and other supports, such as child care, tutoring, and medical coverage.

Wages of QUEST graduates have risen significantly. However, the dropout rate from the two-year program is high. The per person cost of QUEST is much higher than can be funded under federal training programs: QUEST has chosen to secure state, local, and foundation resources instead.

Employer associations: In the United States, employer organizations at the local level, such as some Chambers of Commerce, are beginning to explore ways to help their member firms find qualified workers and train incumbent workers for new technologies and skill demands. The local Chamber in Cleveland has identified growth clusters in the region and is working with employers and education and training providers to address labor shortages (see box). Eight local Chambers and chapters of the National Association of Manufacturers around the country are collaborating in a foundation-funded project to advance their workforce-related efforts.[11] Some organizations that were created to help small and mid-sized manufacturers modernize and compete have expanded into labor market intermediaries in their communities, helping firms find qualified workers and local disadvantaged residents find better-paying less-skilled jobs (see case study of WIRE-Net in appendix).

Greater Cleveland Growth Association

The Jobs and Workforce Initiative, launched and staffed by the Greater Cleveland Growth Association (the local Chamber of Commerce), is a regional, business-led effort to address employer difficulty finding qualified workers. In 1996, the initiative sponsored an Employer Needs Assessment survey on skill needs and job openings, as well as an inventory and assessment of training programs in the region.

From this research and an inclusive planning process, the initiative has spawned several consortia to speed the responsiveness of local colleges and training providers to employer demand for workers with particular skills and expertise. The Corporate Bound Program, for example, is a training network created by initiative members to address the demand for customer service representatives and communications technicians. Comprised of 15 companies (led by Ameritech and Cablevision) and a group of training providers that include the local public schools, Cuyahoga Community College and a private firm, the program combines referrals for the job ready with short-term training for those who need specific skills and long-term training for those with inadequate basic skills. Expansion to other occupational clusters and industries is under consideration.

Labor unions: In some communities where labor unions retain a strong presence in particular industries, unions are working closely with management to create education and training benefits that help less-skilled workers advance and increase worker productivity. The Wisconsin Regional Training Project (WRTP), founded in 1992 and jointly governed by business, labor, and public-sector representatives, designs programs to meet member firms' incumbent worker training, modernization, and future workforce needs. With more than 40 member firms from Milwaukee's manufacturing industry, WRTP combines customized services to individual firms with collective planning and collaboration on training needs and other performance-improving strategies. The San Francisco Hotels Partnership Project is another innovative effort that brings unions and management together across a number of firms in the same industry (see box).

San Francisco Hotels Partnership Project

The San Francisco Hotels Partnership Project, created in 1994, involves twelve unionized first-class hotels and two of the city's largest union locals. The primary goals include: increased market share for participating hotels, retention and improvement of jobs and job security, and new programs for employee involvement, training, and career development. A joint steering committee controls funds from state training agencies and employer contributions.

Problem-solving groups have been created in each hotel, comprised of two-thirds workers and one-third managers, with facilitation by a neutral third party. The teams deal with issues of job design, workload, training, job security, and hotel operations. A training program for 1,600 workers in 10 hotels has provided a common foundation in communications skills, critical thinking, problem solving, and teamwork. A recent pilot effort trained 160 workers, many of whom work in non-food service positions, for certification as basic banquet servers. These workers are available through the union's hiring hall to any of the participating hotels to help alleviate the heavy workload demands during the end-of-year holidays.

Community colleges: Educational institutions can also perform intermediary functions. In the United States, some two-year community colleges—particularly their non-degree and non-credit divisions that are geared to stimulating economic development—serve as intermediaries assisting both local employers and local job seekers. Although the number of colleges engaging in these efforts is small, there is growing interest among these institutions, which are rooted in their regions and are relatively entrepreneurial in their approach (see box on Macomb County Community College, below).

Center for Training and Employer Services

The Center for Training and Employer Services at Macomb County Community College outside Detroit provides customized education, training, and related services to local firms, particularly automotive equipment manufacturers and their first- and second-tier suppliers. Initially focused on one-to-one relationships with individual firms, the center has consciously grown by creating training consortia.

Project Design, an effort to improve the supply of high-quality, entry-level technicians and well-trained incumbent workers in automotive design, has grown into a consortium involving 20 engineering service and automotive firms and over 30 regional high schools and colleges. The college is not only a supplier of training services, but it is also an intermediary that coordinates and convenes the multi-employer consortium.

Macomb has also been a key player in the Plastics Industry Resource Network, which provides customized training for area plastics firms. Through its various initiatives, the center provided training services to 64 companies and over 10,000 individuals in 1994-95. The number of trainees has increased three-fold in five years. Revenues have risen 500 percent.

Multi-sector collaborations: Some intermediary efforts are designed to be governed and managed as multi-sector initiatives. An example is the Seattle Jobs Initiative, one of six sites in the Annie E. Casey Foundations' Jobs Initiative, which is an explicit attempt to test different intermediary models for helping low-income neighborhood residents gain access to employment, stay longer in a job, and advance to better-paying positions. The Seattle Jobs Initiative is funded by the

City of Seattle and the Casey Foundation. It was created and is now governed by a broad coalition of businesses, educational institutions, labor, non-profit agencies, and local and state government agencies.

The Seattle Jobs Initiative's strategy has three components: 1) a jobs strategy that is targeted to working with employers in three growth industries (health services, precision manufacturing, and construction); 2) an employment linkage program that serves as a broker between neighborhood residents and firms that benefit from city-led economic development efforts; and 3) coordination among community-based organizations that provide workforce development services to job seekers.

IV. Characteristics of Effective Intermediaries

How the Policy Environment Constrains Effective Practice

Although the emergence of new intermediary organizations is exciting, comprehensive efforts that approach the sophistication and ambition of those described above are small in both number and scale. By and large, efforts to improve the employment prospects of disadvantaged individuals depend upon government funding. As a result, they are shaped by the priorities and constraints of that funding.

Private sector intermediaries, such as temporary help and other staffing firms, are driven primarily by labor market conditions and funded through contracts with employers. In tight labor markets, as exist in most U.S. cities and towns, some of these firms are experimenting with expanding their services, providing training, allying with local community-based organizations and educational institutions, offering benefits to temporary employees, and seeking other competitive advantages. However, their commitment to training is new and still limited to the largest and most innovative firms.

Public funding is guided by the "work first" priorities of welfare and workforce development reform, which emphasize job search and improved labor market information. Job matching is the core of One-Stop Career Center activities: training and education services are available to disadvantaged individuals only after they have tried and failed to secure a job.

For community-based organizations that have traditionally been the backbone of the federally funded workforce system, federal priorities constrain their ability to provide long-term training, post-placement case management and supports, and other services that research has found adds value for both job seekers and employers. Many organizations that provide employment and training services find themselves limited by funding realities from re-inventing their programs. Some of the most creative and effective programs—including Project QUEST in San Antonio—are turning away from federal welfare-to-work and training funds because of the difficulty of providing adequate services under current guidelines.

Thus, although the following pages identify characteristics of effective intermediaries, it is not easy for organizations that want to play these functions, particularly for disadvantaged individuals, to adopt "best practice." The challenges they face—and how these challenges can be addressed—are described in the final section of this report.

What Distinguishes an Effective Intermediary?

The case studies and research conducted for this project identified common approaches among highly regarded labor market intermediaries. Effective organizations:

• **Understand the labor market well**: Effective intermediaries have sophisticated ways of understanding the most current trends in local and regional labor markets where they try to place job seekers. These include both high tech and high touch strategies for developing and maintaining detailed knowledge of job-specific skills that are in demand in particular industries and occupations. Efforts that target specific labor market niches and understand industry trends in those niches inside and out (see WIRE-Net case study) are most likely to make effective matches.

• **Know particular employers and their needs**: Some organizations we interviewed told us that employers were their primary customer, while others saw employers and job seekers as "dual customers." In either case, though, building long-term relationships of trust with local employers, based on services they value, was highlighted as of primary importance. Some efforts focus on large employers that have name recognition and can hire significant numbers of people: examples include Wildcat's relationship with Citigroup or Common Ground's relationship with The Gap in New York City (see case studies). Others are more invested in working with an industry or cluster of firms that share common markets and labor pools (such as WIRE-Net's Hire Locally initiative). The Center for Employment and Training has created advisory groups for each industry sector they serve, as a way to maintain steady personal relationships with human resources decision makers in those firms.

• **Know job seekers and their needs**: Effective job matches connect the right individuals with the right employers. "Right" does not just mean available; it means qualified, work-ready, and able to perform in the culture and pace of the targeted workplace. Many efforts turn to neighborhood or other local community-based organizations to help screen potential employees, since these organizations have experience assessing the capabilities and readiness of individuals from disadvantaged populations—experience that employers often lack. Screening from within a hard-to-employ labor pool is a difficult, but critically important, function that CBOs can play: employers will not continue their participation in a program that does not provide them with qualified workers for available jobs.

• **Are entrepreneurial and customer-driven:** Success as an intermediary requires an eager responsiveness to customers and a willingness to seize market

opportunities where they present themselves. Increasingly, it requires customized solutions for different employers or clusters of firms. When it became clear to Chrysalis that temporary help firms were playing an increasingly important role in entry-level labor markets, the organization decided to establish its own non-profit temp firm. Wildcat took its cue from Salomon Smith Barney in the development of the Private Industry Partnership: the leadership committed to creating a program to meet Salomon's specific needs, rather than fit its relationship with the financial firm into its existing training program models.

• **Keep employment the primary focus**: Effective intermediaries make work the central program goal. Many disadvantaged job seekers are used to programs that offer training or support services, but are not closely linked to real job opportunities: employment is a distant goal, not an immediate reward. To counter this legacy of past practice, successful intermediaries gear all their efforts towards employment as a concrete, attainable goal. Work norms, such as punctuality, attire, and presentation, are emphasized from the outset. As an official of Common Ground's Times Square Job Training Program noted, its staff "talk business, not social service."

• **But also develop ties to non-employment service providers:** At the same time, most of the hardest to employ have multiple barriers to employment, ranging from logistical issues such as child care and transportation to physical and emotional disabilities. Intermediary organizations must be well-connected to local social service providers, including counselors, substance abuse programs, vocational rehabilitation and child care referral offices. Addressing these barriers to employment before—and after—new entrants to the workforce find jobs can increase the likelihood of their staying employed.

• **Focus not just on access to employment, but on retention and career advancement:** Intermediaries have traditionally engaged in job matching—and employment and training programs have typically been assessed on the basis of job placement. However, in an economy where career ladders are truncated and less obvious and where many entry-level jobs are dead-end positions with little training and minimal opportunity for advancement, the labor exchange function is insufficient. Intermediaries that are successful are engaged in efforts to improve retention on the job and lay the groundwork for advancement out of entry-level work.

In a previous paper for the New Deal Task Force, Jobs for the Future noted four strategies for improving the quality of job matching for less-skilled individuals.[12] These are:

- Partnerships with CBOs to recruit and screen job seekers
- Help for individuals to resolve non-work barriers to employment
- Pre-employment preparation in "soft skills" that employers value
- Pre-employment job-specific training, through internships with or curricula developed by particular employers.

Strategies for encouraging longer retention and advancement into better-paying

jobs include:

- Improved orientation and mentoring in a new employees' early stages of employment
- Case management and long-term post-placement support
- Training in interpersonal and managerial skills for supervisors of entry-level workers
- Combinations of work and classroom learning that can improve basic and technical skills needed for advancement and can result in recognized credentials
- Specification of career pathways that clarify routes to advancement—within a firm or cluster of firms, in an industry, or among a group of related industries
- Access to company benefits, including education and training benefits.

A number of organizations, including several profiled in the appendices, emphasize the importance of providing a "continuum of opportunity" or progressive responsibility for hard-to-employ disadvantaged job seekers. For many, moving directly into a full-time permanent position is too difficult. Common Ground offers jobs on-site in their housing development for individuals who are not yet ready for private-market jobs. The organization found, for example, that many of its supported housing residents were not yet ready to face the demands of Marriott's welfare-to-work program. Chrysalis offers street-cleaning crew jobs for those not yet ready to be placed in private sector jobs through its Labor Connection temporary help company.

• **Use data to improve performance**: Increasingly flexible and sophisticated computer technologies provide organizations with opportunities to collect and analyze data about their "dual customers," as well as their own performance. Management information systems enable organizations to know more about the skills, work experience, and backgrounds of those they are trying to place. They also make it possible for programs to keep track of placements and of the labor market progress of job seekers they serve. Careful analysis of program data can be used to pinpoint weaknesses and point toward strategies for improvement. Data will also be critically important to help determine whether enthusiasm for intermediary strategies is warranted and, consequently, the extent to which public and private investment in promoting intermediary functions is justified.

V. From Promising Practices to Systemic Expansion of Intermediary Efforts

How can promising practices in bridging and connecting the "dual customers" of the employment and training system be strengthened and expanded to more organizations? What practices and policies can encourage growth of a range of intermediary organizations in local labor markets?

The kinds of partnerships and initiatives discussed in this paper, while exciting and growing, are still the exception. While organizations seeking to move in the directions outlined above can make progress on their own, national and state policies, particularly around issues of financing and accountability systems, will ultimately need to change. Our case studies and other research have identified the following lessons that should guide both practitioners and policymakers interested in expanding intermediary efforts:

1. **One size won't fit all**: It would be a mistake to think that there is one appropriate organizational form for labor market intermediaries. As we have described, a broad range of organizations—public and private—can and do play intermediary roles in their local communities. What works in one community may not work in another: a strong entrepreneurial organization in one community may fall flat when it tries to replicate elsewhere; a community college in one state may be eager to provide employment and training services while a two-year college in another state may see its primary role as a transfer institution to baccalaureate-granting colleges and universities.

If the experience to date teaches anything, it is that local circumstances, traditions, institutions, and market conditions are important determinants of how—and whether—intermediaries evolve. A city like Cleveland, where small to mid-sized manufacturers have not fled to the suburbs and are concentrated in a particular neighborhood, can support an organization like WIRE-Net. But in Boston, where the quasi-public Private Industry Council has been the glue holding business and education together for two decades, and where manufacturing is a weak industry, different conditions apply.

This paper has stressed the importance of shaping programs to fit the real needs of local employers and clusters of employers. Successful programs tend to be "narrow-band," identifying niches in particular industries or industry sub-sectors where they add value for local employers. This implies not only that a single organizational form is inappropriate, but also that there are likely to be a number of intermediaries in a given community, sometimes serving different industries, sometimes overlapping. In fact, if intermediary strategies are to achieve significant scale within a given labor market, such diversity is necessary. While the potential for inefficiency and duplication of effort must be weighed, competition among intermediaries and marketing to different sectors should be encouraged. This reversal of program drivers—from the service capacity of training providers to the hiring capacity of employers—also implies that narrow-band and customized programs are likely to become increasingly common.

2. **The organizational culture of workforce and welfare service providers—both public and non-profit—must change:** Practitioners we interviewed invariably referred to changes in organizational culture that are required to move from serving unemployed individuals to making employers a primary customer—changes that put customer service, flexibility, and customization at the center of organizational strategy. Wildcat's Vice President argues that changing CBOs' entrenched ways of serving welfare clients is more challenging than constraints posed by funding streams, availability of jobs, or individuals'

skills.

Many community-based organizations and their staff have an anti-business, "us versus them" bias. Their constituency has benefited least from capitalist wealth-creation. The organizations have been sheltered to some extent from market forces; their staff often see it as a virtue to operate outside the profit-making sector.

Yet, success working with employers requires providing a service that is at least comparable to what firms can get elsewhere at similar price and quality. Staff must become salespeople: they themselves need the self-confidence and persistence that they advocate for their clients. They must sell their services to employers—and must represent to job seekers the expectations of potential employers. Staff who have worn jeans to work must dress for business success and model professional norms for their clients. Staff who have seen themselves as social workers must become more assertive in demanding performance and attitudinal changes from job seekers. Many organizations have found that they need to hire staff with private sector experience and continually reinforce this cultural shift.

The discipline of the market can help accelerate this change. Employers may be willing to give a non-profit or social service-oriented organization a chance; but such organizations still need to deliver efficiently and effectively. WIRE-Net, for example, found that strong relationships with local employers and a satisfaction rating higher than private employment or temporary agencies does not guarantee employer loyalty. WIRE-Net must send employers job seekers who are likely to succeed—or the employers will go elsewhere to find qualified workers.

Organizational culture also needs to change within the public sector—the agencies that deliver workforce development and welfare services. For the welfare system, which has traditionally been geared to income maintenance, the shift to a focus on work requires professional development for staff, a reorientation of job descriptions and hiring priorities, and the encouragement of more entrepreneurial collaborations with multiple partners in the private and non-profit sectors. For the workforce development system, including the Employment Service, greater competition from private and non-profit providers is forcing a more responsive, entrepreneurial approach, one that must be supported with professional development opportunities for long-time staff.

Of course, a balance must be achieved that deepens trust among both employers and disadvantaged job seekers. Positive results build trust. But trust also comes with good customer service. Creating opportunities for employer feedback, engagement in curriculum development, and ongoing personal relationships with staff pay off over time. For job seekers, long-term post-placement support from case managers can have the same result. When an individual sees someone caring about them and sticking with them—even when they fail—they often begin to trust program staff and to break out of self-defeating behavior patterns.

3. **Local capacity to perform intermediary functions needs to be developed and strengthened:** The federally funded workforce development field—which has traditionally focused on the supply side promotion of skills and training—has been dominated for many years by community-based organizations. As noted above, for these organizations to become more balanced intermediaries will require significant organizational commitment and change. However, even among organizations eager to pursue more effective "dual customer" approaches, capacity problems frequently constrain their ability to provide consistently high quality services.

Many non-profits in the workforce development field are hampered by serious and chronic under-capitalization and under-capacity that limit their ability to grow.[13] Working capital, venture capital, capital for upgrading information technology and other facilities and equipment are difficult to secure. Public funding of workforce development programs typically takes the form of reimbursement after placements and performance have been demonstrated: as a result, publicly-funded workforce organizations rarely have the resources to invest in ways that could propel them to new levels of managerial, technological, and staff competence and effectiveness.

One way to strengthen local capacity is to address the under-capitalization of non-profits through philanthropic and/or government assistance. Another is to promote partnerships and alliances between non-profits and profit-making firms that can overcome some of the limitations of non-profits stretched too thin.

4. **Job quality matters to program and organizational success:** There is a natural tendency in workforce development programs to try to place less-skilled individuals in <u>any</u> job, based on the view that any job is better than no job. Experience shows, however, that job quality matters greatly to the success of efforts to improve job retention and reduce dependency. Job quality is also critically important to the ability of intermediaries to build their reputation in the labor market.

Individuals are more likely to stay longer in a job that pays well and offers benefits. Organizations that can point to partnerships with quality employers have a market advantage when recruiting other employers. Wildcat has self-consciously targeted financial services firms, since they provide quality jobs and are seen as good places to work. Common Ground developed partnerships with The Gap and with Ben and Jerry's ice cream for similar reasons. If individuals are placed in jobs that offer them little, then their day-to-day problems are more likely to overwhelm their desire to work—and a positive placement will become a quick termination that helps neither the job seeker, the employer, nor the intermediary.

5. **Public financing priorities should be reassessed and revised**: Financing and funding issues are critical to both the quality and the sustainability of intermediary organizations. All the organizations profiled in our case studies have looked for creative ways to secure non-governmental funding. Chrysalis has created revenue-generating temporary help and street cleaning businesses. WIRE-Net has

developed long-term funding support through local and regional philanthropic organizations. Common Ground has been able to secure funds from a number of different governmental programs and foundations, as well. The restrictiveness of federal welfare and workforce funds has led some intermediary organizations (including Project QUEST in Texas) to decide not to pursue federal welfare or employment and training contracts. Funding restrictions and guidelines—in terms of allowable activities, the integration of different funding streams, and other issues—will need to be revisited.

As noted above, workforce and welfare reform legislation has placed a priority on job search and rapid attachment to the labor force. As a result, some promising practices that appear to help disadvantaged individuals stay in and move up in jobs are difficult to deliver within the constraints of federal funding. Two of these are:

• Access to longer-term education and training within a "work first" system: Part of the failure of U.S. workforce programs in the past is attributable to their short duration: too limited an intervention for the level of educational disadvantage of participants. If low-skill individuals are to advance out of poverty-wage jobs, they need skill development and credentials that demonstrate their new proficiency. In the current "work first" environment, federal legislation has made such long-term education and training more difficult to obtain. The pendulum needs to swing back: for many individuals, job search or a pre-employment "soft skills" course is sufficient; for others, it is not.

Local initiatives and organizations can find and create some flexibility within existing governmental programs and mandates to combine work and long-term skill development. Intermediary organizations can work with local education providers and employers to design accelerated degree and certificate programs. They can negotiate partnerships with employers that offer job seekers less than full-time work with time off for classes targeted to employer needs, as some creative welfare-to-work programs have done. Another approach is to create training modules that individuals can earn incrementally while working. Intermediary organizations are in a good position to broker not just between employers and job seekers, but also among employers and the education and training providers that serve the local labor market.

Ultimately, though, redressing the current inflexible over-emphasis on "work first" will have to be tackled through public policy. Policies should be revised so that guidelines to states and localities enable them to craft programs that address the quite varied skill needs of different low-income job seekers. As a recent study by Educational Testing Service Vice-President Anthony Carnevale concluded, "The task of assisting [welfare recipients] by providing opportunities to advance and earn a sustainable wage requires a personalized treatment program . . . a customized system of individual placement assistance and targeted, time limited employment and training."[14] Reauthorization of welfare reform should move in this direction—without encouraging a return to programs that substituted for work and were weakly connected to job opportunities.

• Post-placement case management and support: Historically, federal employment and training programs have emphasized placement. The implicit model was: get someone working and the rest will take care of itself. Today, this model no longer holds. Successful programs realize that job placement is only a step along the way to labor market success: leaving welfare or finding a career is a process, not an event.[15] Many people will lose or leave their initial placement. Turnover is naturally high in low-wage jobs; and many welfare recipients and unemployed individuals have personal and family challenges that make long-term employment more difficult. Many programs have found it important and effective to provide case management that can assist with problem-solving on the job and can help individuals find another job quickly when they need it. Federal policy is beginning to recognize the importance of post-placement support: the welfare-to-work grants include it as an allowable activity.

The financing of employment and training programs raises complex policy questions, particularly as customization of services to meet the needs of specific employers becomes more common. Traditionally, public funds for training have been justified if the skills being learned were transferable across jobs; job-specific skill development was seen as benefiting a specific employer and, consequently, as their financial responsibility. Today, though, as new partnerships are evolving among public, non-profit, and private-sector organizations, traditional distinctions are less helpful. Which costs should employers bear? Should employers be entitled to tax breaks for training and employee development? Should the distinction between job-specific and generic skills still determine private and public responsibilities? As financing questions are addressed, these basic policy issues will have to be confronted.

6. **Performance measures must reward retention and advancement**: Accountability is built into federal funding for employment and training through performance measures that must be met before service providers are fully paid. These performance measures are powerful incentives that shape the design and delivery of services. Traditionally, accountability has revolved around short-term job placement. The newly enacted Workforce Investment Act will introduce accountability measures that assess placement, retention, earnings, and skill attainment. This trend should be encouraged and strengthened.

In some states, economic development funds are targeted toward firms or industries that can demonstrate that their new jobs will pay wages above the average rate in the firm or industry. This kind of targeting to promote and reward the creation of quality jobs should also be encouraged.

7. **Promoting intermediaries and more responsive employment and training efforts are only one piece of any real solution to poverty:** Low-wage work alone does not lift families out of poverty. The U.S. government has recognized this through recent increases in the minimum wage and through the gradual expansion of the Earned Income Tax Credit, which supplements the wages of the working poor and thus rewards them for work. Some states, such as Massachusetts, are exploring increases in the minimum wage that are higher than the federal minimum, in order to help increase the earnings of the working

poor. Outreach to employers and community-based organizations to encourage take-up of the credit by eligible individuals should be expanded.

Other strategies that can help "make work pay" include public funding for services that the working poor frequently need to stay working—child care, transportation, and health insurance and care. Making these benefits more widely available and more closely tied to work can change individuals' calculations about the costs and benefits of staying employed. Ultimately, work-centered welfare and workforce policies must be integrated with anti-poverty policies that address income directly.

VI. Conclusion

The enthusiasm for welfare and workforce strategies that rely on intermediary organizations to serve employers and disadvantaged job seekers is evident in communities across the United States. At the same time, there is still much to be learned about how best to encourage and strengthen these isolated, generally small efforts.

The organizers of the U.K./U.S. Seminar on Labor Market Intermediaries hope that the discussions at the seminar will address these strategic questions. For example:

- If "one size won't fit all" and it does not make sense to promote a single, multi-purpose, geographically-contained intermediary in a given community, what goals and accountability system should guide public investments? How can public funding be structured to promote comparable outcomes while supporting very different institutions and programmatic approaches to brokering and job matching?
- If organizational culture within community-based and public agencies is resistant to change, what kinds of professional development strategies are most likely to be effective? How should these initiatives be organized, delivered, and funded?
- If chronic under-capitalization is a constraint to the growth and quality of many community-based organizations, what are appropriate roles for public and private sector institutions in making more flexible capital investments easier for CBOs to secure?
- If job quality is critical to the credibility and success of labor market intermediaries, what incentives can be built into accountability systems to promote higher quality placements in local welfare-to-work and workforce development programs?
- If public support for intermediaries is to be justified and sustained, what measures of performance are most important to track? How difficult would it be for intermediaries to collect and analyze data on their own performance for employers and for their job-seeking customers?

- If current funding priorities do not give local programs and partnerships sufficiently flexible options for serving specific groups of employers and disadvantaged job seekers, how can policy be revised to promote more customized solutions—for employers in particular industries and markets and for individuals with particular strengths and skill needs?

These are not easy questions to answer, but they must be addressed if significant progress is to occur. At the seminar at Ashridge, American and British delegations will grapple with these and other questions in an effort to promote more effective policies and practices in both countries.

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[15] This phrase—"Leaving welfare is a process, not an event"—is one of the basic philosophical tenets of Project Match, a Chicago-based effort to help welfare recipients find work and advance out of dependency

Chrysalis

by Dorie Seavey

I. The Intermediary

Chrysalis, a nonprofit community-based organization in Los Angeles County, is dedicated to locating and creating employment opportunities to help homeless and other disadvantaged individuals become self supporting. At the center of its employment brokering operations are two business ventures that employ job seekers: a full-service staffing agency (Labor Connection) and a street-cleaning business (StreetWorks). These businesses are part of an integrated job development program, tailored to the needs of homeless and chronically unemployed individuals, including their need for extensive pre- and post-employment services.

Founded in 1984, Chrysalis initially provided food and clothing for homeless individuals. Its first-year budget was $2,500. Two years later, Chrysalis began offering employment services, developing into a day center where homeless people could look for work, receive mail or messages from potential employers, and make phone calls. Around this core, day-center model, Chrysalis then constructed counseling and employment services, with volunteers serving as case managers. The center offered job-search classes, as well as assistance with resume writing. In addition, clients received bus tokens, clothes, and help finding shelter. This set of services formed the basis for Chrysalis' current employment programs.

With a budget of $4.5 million in 1999, Chrysalis now helps over 1,400 people a year find temporary and full-time employment in parts of Los Angeles where homelessness and unemployment are most acute. Chrysalis has evolved into a comprehensive employment program, with multiple tracks designed to meet the varied employment and job-readiness needs of the wide range of job seekers it serves. The goal is to support each client at his or her point of employability by providing job-preparation classes, motivational counseling, job-retention services, and other programs that enhance job-seeking and general survival skills.

Nationally recognized for Labor Connection, its innovative and highly successful staffing agency, Chrysalis is supported by strong corporate relationships, extensive foundation interest, and links with city governments and business districts. It offers a model for a social-purpose business that harnesses market opportunities and market discipline in order to access and create jobs for disadvantaged individuals who have severe employment barriers.

This case study is revised and updated from a profile presented in *New Avenues Into Jobs: Early Lessons from Nonprofit Temp Agencies and Employment Brokers*, by Dorie Seavey, Ph.D. (Washington, DC: Center for Community Change, March 1998). Jobs for the Future gratefully acknowledges the assistance of Chrysalis Executive Director Dave McDonough and the Center for Community Change in the preparation of these revisions.

II. Program Activities and Highlights

Chrysalis creates and offers employment programs that foster individual initiative and independence within an environment designed to be very similar to jobs in the private sector. By providing its clients with a sense of business acculturation, the program strives to improve their life skills and work ethic. The program emphasizes proving oneself on short assignments before receiving longer ones, receiving ongoing evaluation and critique of work habits, belonging to a team, and demonstrating good work habits. Clients receive practical training in job-search skills and developing the resources needed to find jobs on their own at any point in their lives. They also participate in a merit-based promotion system that consists of pay increases, bonuses, preference for job selection, and employee-of-the-month awards.

Program Components

Chrysalis offers a progressive set of employment programs designed to assist clients whose employability varies greatly. A team-based case management structure, with one case manager serving as a point-person for each client, provides comprehensive oversight and guidance as a person progresses through Chrysalis' employment programs. Case managers specialize in either pre-employment, job search, or job retention.

The Chrysalis program has four main components:

- *Job Readiness Services* include classes and other services to orient, assess, and prepare job seekers for work and to improve their job-search skills, self-confidence, and employability.
- *Labor Connection* contracts with local businesses that need temporary or permanent employees, and it hires economically disadvantaged people to fill these positions.
- *StreetWorks* is a street-maintenance/cleaning business that employs homeless individuals in apprenticeships to give them marketable employment experience and job skills.
- *Job Retention Services* are designed to help Chrysalis clients, including those in StreetWorks and Labor Connection, retain and advance in their jobs.

Job Readiness Services

Chrysalis offers a set of classes and other services designed to orient, assess, and prepare job seekers for work and to improve their job-search skills, self-confidence, and employability. Intensive classes focus on such topics as writing a resume, preparing for interviews, solving problems, maintaining motivation through the job-search process, and developing soft skills.

Other job-readiness services include: transportation vouchers to travel to interviews or a new job, a computer lab with training in key software programs, access to phones and fax machines, a message center where clients can receive phone messages and mail, and a resource room for obtaining interview and work clothes.

Volunteers provide about half of job-readiness services. Typically, these are Chrysalis supporters from the community, including business people that have affiliations with the organization's board. Volunteers usually visit Chrysalis for an hour or two at a time to perform light counseling and teach job-readiness and computer classes. They are trained by sitting in on classes and studying written materials provided by Chrysalis.

Labor Connection

Founded in 1991, Labor Connection is a full-service staffing agency that places economically disadvantaged people in jobs at local businesses. It has offices in downtown Los Angeles and in Santa Monica, plus a smaller satellite office in a one-stop job center in Garden Grove. The satellite office taps into the one-stop's job-readiness services and refers people to Labor Connection's downtown and Santa Monica offices.

Labor Connection constitutes an intermediate step into the workforce for clients who have a basic foundation of work habits and skills but need more recent work experience before they can be considered ready for regular full-time jobs. Some clients are already at this point when they enter Chrysalis; others need the work progression of StreetWorks before they can take this next employment step.

Three factors pointed Chrysalis toward establishing a staffing agency. First, Chrysalis found that a growing number of employers were using temporary labor to meet their employment needs. Second, job searches by Chrysalis' clients often took several months; temporary employment appeared to fill an important need for work and income on the part of job seekers.

Third, more and more Chrysalis clients were experiencing longer gaps of unemployment. These were due to difficulties securing interviews with potential employers because of criminal records or histories of alcohol and drug abuse. Essentially, some Chrysalis clients didn't look good on paper when they applied for a permanent job or they were not ready to make an immediate transition to full-time work. According to Chrysalis, "Temp jobs provide Chrysalis clients with an income, recent work experience, job references, and feedback on their work. They provide a reentry into the private sector, allowing our clients to work independently but with the advantage of a concerned case manager for guidance and counsel."

Since 1991, Labor Connection has built a strong reputation in the greater Los Angeles business community and currently manages about 65 accounts. The vast majority (80 percent) of job placements made through Labor Connection's downtown office are in light industrial occupations, primarily warehousing, shipping, and receiving, but also maintenance and janitorial work. Labor Connection's Santa Monica clients are more likely to work in clerical jobs, sales, and data entry, as well as in other service occupations such as retail jobs, housekeeping, and food service.

StreetWorks

Founded in 1994, StreetWorks is a street-maintenance/cleaning business. It employs teams of workers who remove trash and graffiti and steam-clean sidewalks. It offers a closely supervised, supportive environment that allows people to gain confidence, learn from mistakes, and practice "soft" skills (e.g., punctuality and the ability to work under supervision) that are vital to success in the working world.

Before entering either temporary or full-time employment, the StreetWorks employment program helps job-ready homeless people who need a transition stage, that acclimates them to the working world after months or years of unemployment. While clients earn a paycheck and gain supervised work experience, StreetWorks provides on-the-job-training in the work habits and basic skills needed to compete for temporary and permanent jobs.

As a business venture, StreetWorks contracts with business associations, the City of Los Angeles, and the City of Santa Monica. StreetWorks employees maintain over 100 of the busiest blocks in the Broadway, financial, and central city districts of Los Angeles. In Santa Monica, they remove recycled waste and maintain alleyways and the Third Street Promenade.

Some StreetWorks employees progress to Labor Connection and become available for temporary staffing assignments. Others move directly into permanent work in the open labor market. In addition, about 10 percent of StreetWorks employees move up within the business from positions as line employees to become supervisors, assuming responsibility for training and teaching newcomers to the program.

Job Retention Services

Job-retention rates have increased significantly as Chrysalis has expanded its post-employment services. Currently, about 72 percent of clients participating

in the job-retention program are still employed at the end of one year.

All working clients of Chrysalis have access to weekly peer support groups and monthly personal and professional development workshops. Chrysalis also has developed an emergency-response-team approach to deal with difficult situations that could lead to a client's resignation or firing. Retention specialists encourage employees with a problem to call before quitting or reaching the point they "lose their cool." These specialists make site visits to try to work out the problem.

In addition, Chrysalis recently implemented a Stress Management Program. The program provides clients with individual and group counseling on stress-related issues, such as anger management, effective communication, self-esteem, and substance abuse.

Labor Connection staff report that one major barrier to job-retention is the issue of child-support payments owed by employees who are non-custodial fathers. For fathers with child-support orders, California state policy is to deduct up to half of the father's paycheck. This creates an incentive for individuals to quit work and leave Chrysalis or to avoid permanent employment. Chrysalis has worked out an arrangement under which a representative of the District Attorney's office visits Chrysalis to negotiate less onerous monthly payment schedules with participants in Chrysalis programs. Currently, Chrysalis has more non-custodial fathers with children on public assistance than any other welfare-to-work funded program in California.

The Clients

Chrysalis has set four key eligibility requirements for participation in its programs:

- Sobriety: a person must be drug-free and sober for 90 days and complete a 12-step program if substance abuse is an issue;
- Residence at a local shelter or transitional living facility or placement on a waiting list for housing;
- Proof of eligibility to work in the United States; and
- A minimum age of at least 18 years.

Chrysalis clients are homeless women and men between the ages of 18 to 60. Most clients have been homeless for less than a year, yet they are among the poorest individuals in Los Angeles County, with incomes typically under $2,000 per year. Often, they have lost their housing and support networks as a result of a job layoff, family crisis (domestic violence, family illness or injury), major health problem, incarceration, or substance abuse/addiction. The majority of Chrysalis clients have received or currently receive public assistance, and they often desperately need help meeting the employment requirements imposed by federal and California welfare reforms.

Chrysalis targets its employment services at homeless individuals who are capable of holding a job and want to be employed. In Los Angeles County, Chrysalis estimates, this employable subset is about 30 percent of the homeless. While there is considerable diversity among Chrysalis clients, the typical person is a single male, about 40 years old, residing in a hotel, program, or shelter. He is extremely poor, having no income or receiving General Relief. Chrysalis clients frequently have had a substance-abuse problem. Many also have a criminal record: 56 percent of Chrysalis clients report either a misdemeanor or a felony conviction; of these, 77 percent have been incarcerated. Other significant barriers to employment include a limited education and poor work history.

Labor Connection's downtown and Santa Monica offices serve different clienteles. About 70 percent of the downtown clients are African-American men, while 40 percent of Santa Monica clients are women and 50 percent are white. More downtown clients have experienced extreme residential instability. Over half of Chrysalis clients at both locations (51 percent downtown and 58

percent in Santa Monica) report that they have a high school degree or GED, although more clients in Santa Monica have some postsecondary education.

At the Garden Grove office, about 30 percent of job seekers are Vietnamese, and 25 percent are from the shelter population served by Chrysalis' downtown office. The remaining individuals are women receiving welfare assistance and chronically unemployed men.

Most Chrysalis clients have needs beyond employment. For these needs, Chrysalis works closely with several community-based organizations that, in turn, can refer clients to agencies providing help in obtaining housing, food, identity cards, and health services.

Resources: Staffing and Funding

During its first four years of operation, Chrysalis had a staff of three: a director, a case manager, and a federally funded VISTA volunteer. Today, the organization has 43 full-time equivalent paid positions, including many staff members who bring business experience from the private sector. Attracting talented management and salespeople, including looking to private business as a source of Chrysalis staff, has been key to creating a professional staffing structure and developing a healthy, business approach to running the organization's two business ventures.

Chrysalis has a management team of eight: the executive director, the employment director (in charge of the job-readiness and job-retention programs and services), the Labor Connection director (who brings over a decade of experience in the for-profit staffing industry), the StreetWorks general manager, the executive director of the Santa Monica office, the director of development, the human resources and operations manager (a new position in 1999), and the controller. Other staff include: case managers/ employment specialists, retention specialists, program resource coordinators, account executives, and staffing coordinators. The Stress Management Team consists of a program coordinator, a clinical supervisor, an intern supervisor/ licensed social worker, and three social work interns from the University of Southern California.

Chrysalis' fundraising has grown along with the agency's customer and client volume. A full-time development director joined the staff in 1997. Total private support increased by 35 percent in 1998 with 388 new individual donors and a 37 percent increase in foundation support. Government grants comprised 12 percent of income in 1998, and over 100 individuals volunteered their time and services. In 1999, Chrysalis derived 56 percent ($2.5 million) of its $4.5 million budget from income earned through Labor Connection and StreetWorks.

III. Evidence of Effectiveness

- Labor Connection: Since 1991, Labor Connection has billed customers for over 500,000 hours of work and paid its workforce over $3 million in wages. In 1996, gross revenues surpassed $1 million, and in 1998 they totaled $1.5 million. In 1998, 444 clients were connected to employment opportunities, up from 275 in 1997. Last year, 55 percent of Labor Connection employees worked on assignments that led to permanent jobs or were of indefinite length and had lasted at least 90 days.
- StreetWorks: Between 1994 and 1998, StreetWorks grew from 20 employees and contracts worth $200,000 to 160 employees and contracts of over $820,000. The program operates 24 hours a day, 7 days a week, all over Los Angeles County. Four new street maintenance contracts were secured in 1998. In 1998, 92 percent of participants eliminated or reduced their reliance on General Relief.
- In addition to the 604 individuals employed by both Labor Connection and StreetWorks in 1998, another 868 clients found employment through Chrysalis' job-readiness programs.
- Chrysalis spends an average of

$1,350 per client to help an individual secure and maintain employment for one year. This compares to an average cost of about $6,000 for many public-sector programs.

IV. Future Directions and Challenges

Chrysalis continues to refine its business model and explore opportunities for expansion. It is currently undertaking a review process that will result in a new three-year strategic plan by the Spring of 2000.

The organization is considering significantly increasing its operational capacity, accompanied by a broadening of its geographic coverage. The demand for Chrysalis' employment services on the part of job seekers remains strong. Because of limited capacity, the downtown office turned away about 40 people a week in 1998, and people have lined up as early as 6:30 a.m. for introductory orientations that begin at 8:00 a.m.

> *Labor Connection sees the potential for further leveraging favorable market conditions in the temporary-service industry in its efforts to help economically disadvantaged individuals reintegrate into the workplace.*

To exploit this potential, Labor Connection is considering a mix of approaches including: 1) expanding its existing facilities; 2) developing more "vendor-on-premise" accounts in which Labor Connection provides an on-site coordinator for its staffing employees; and 3) extending its outreach to new business customers and employees by setting up additional offices or creating satellite offices that tap into existing services offered by other organizations (e.g., the job-readiness services provided by the Garden Grove one-stop job center). Such expansion requires Chrysalis to perfect its business model and streamline its operations, while staying flexible and nimble in a rapidly changing policy and economic environment.

> *Chrysalis is improving its management information systems to assist with operations and to track outcomes.*

By the end of 1999, Chrysalis expects to have hired a management information system coordinator and significantly upgraded these operations. The goal is to implement an agency-wide tracking system that fully integrates the day-to-day job placement activities of the agency across its offices and divisions and that allows Chrysalis to track the labor market progress of its clients over time.

> *Chrysalis will continue to improve its post-employment services.*

This is especially true of services that improve retention. Chrysalis has seen significant individual and social returns to the resources it has invested in post-employment. These services are designed to engage clients who become unemployed in order to bring them back to Chrysalis, leverage their work experience, and prevent their reverting to often deeper dependence on public assistance and perhaps incarceration. While such investments necessarily raise the organization's cost per client, they generate important returns over the long run, including raising the productivity of the labor pool and increasing the economic security of Chrysalis' clients.

> *Chrysalis hopes to join the Los Angeles Social Enterprise Fund, a venture philanthropy effort to promote nonprofit enterprise.*

Using a venture capital model, the fund plans to make significant multi-year non-equity "investments" in a portfolio of eight to ten nonprofit business enterprises that provide job training and employment opportunities to economically disadvantaged people in the Greater Los Angeles area. The fund expects each portfolio enterprise to grow to market-based sustainability and provide a target measure of "social return on investment." Portfolio enterprises must have a rigorous business plan outlining a growth strategy based on a market opportunity that promotes self-sustainability. The fund is actively seeking one million dollars in start-up capital before launching operations.

V. Lessons

The experience of Chrysalis and its various programs reveals a number of lessons regarding employment brokering for disadvantaged job seekers.

> *Chrysalis serves customers and clients with a social-purpose business model that harnesses market opportunities and market discipline in order to access and create jobs for disadvantaged individuals with severe employment barriers.*

The Chrysalis model emphasizes taking what works in business and using that to fulfill the organization's social mission. The model exploits market opportunities on behalf of disadvantaged job seekers by creating social-purpose enterprises that embrace the dual bottom line of serving the needs of both job seekers and business customers.

Employers have one basic concern: can Chrysalis meet their specific employment needs? While Labor Connection does not hide its clients' problems, its sales approach emphasizes that Chrysalis provides employers with access to a labor pool of highly motivated job seekers who have very positive attitudes and want to work. In fact, Chrysalis has removed the term "homeless" from the Labor Connection letterhead: it became clear that line supervisors responsible for hiring are not particularly interested in the organization's social mission.

A successful business excels at understanding the needs of its customers, which for Chrysalis consist of both job seekers in search of temp work and local businesses in need of staffing services. Chrysalis attracts and recruits the labor pool that it does because it is very good at serving the needs of disadvantaged job seekers in the Los Angeles area. Its capacity to attract business employers depends on its ability to understand and serve the needs of individual employers, produce high levels of customer satisfaction, and anticipate and position itself for new business opportunities in the local economy. A related key ingredient in Chrysalis' success has been its ability to hire talented staff, professionalize its internal management, and create an organizational culture that is a dynamic hybrid of business focus and social mission.

> *Chrysalis offers a menu of employment options and flexibility in the sequencing of employment paths.*

The goal of Chrysalis is to help clients obtain employment that leads to economic self-sufficiency. Its clients are willing, even desperate, to work, but their extreme poverty makes unsupported job hunting highly difficult. Typically, the men and women Chrysalis serves lack access to a mailing address, let alone computers, telephones, or transportation. Some have never learned how to write a resume, fill out a job application, or conduct themselves in a job interview. They may be discouraged or unprepared for the discipline of a daily job search.

Chrysalis' particular array of job development programs and services give job seekers a variety of options and chances, all within a highly structured organization. It closely supervises job seekers and provides them with individualized case management as they take steps toward integrating themselves into the world of work.

> *Data and evaluation improve the effectiveness of service delivery and communication with external and internal constituencies.*

As Chrysalis has developed into a more complex and expanding organization, it has found that sophisticated computerized management information systems are critical internal management tools. Such systems are also vital to assessing the impact of the organization's programs on its clients' long-term economic security. Data collected weekly include: the number of clients employed, length of employment, wages, the types and frequency of support services, client demographics, and pertinent referral information. The Chrysalis Board of Directors reviews employment results quarterly.

Chrysalis' management team and the

organization as a whole also tap into outside expertise through repeated evaluation projects. Typically, these evaluations have been undertaken or facilitated by outside entities. For example, during 1997-1999, a team from the UCLA School of Public Policy and Social Research evaluated Chrysalis' service model. The team conducted extensive focus groups with clients, staff, board, and donor groups. One team member provided quarterly reviews of Chrysalis' operations, while another was on-site for two to three days a week, participating in all dimensions of the organization's management and programs and providing monthly feedback. This kind of active, ongoing research created valuable opportunities for in-house dialogue about how to improve both management systems and program delivery.

> *Achieving scale and sustainability requires a carefully considered and balanced mix of ingredients.*

Chrysalis has sustained rapid growth for six years and now faces strategic choices about how to expand its operational capacity to serve even more job seekers. As Chrysalis makes those decisions, it will draw on the delicate mix of factors that has contributed to its success in managing and directing growth to date:

- *Honing its model:* Through self-examination and trial and error, Chrysalis has been able to refine its own "best practice" model. For example, it has experimented with attaching Chrysalis staff members onto another organization that wants to access some Chrysalis services, but it has found it more valuable to open new offices (such as the Santa Monica office) that replicate the entire spectrum of Labor Connection's programs and services. In addition, Chrysalis has settled on a model that invests heavily in pre-employment and post-employment services and supports because it has found these to be critical to the labor market success of its job clients.

- *Developing a strong and vital organizational culture and identity:* At the core of this identity is a dynamic mixture of business mentality and social purpose.

- *An ability to restructure management to support growth in operations:* The ability of Chrysalis to attract talented staff from the private sector and to institute up-to-date human resource practices has been central to its capacity to grow. Part of that same process is developing a board of directors that contributes not only valuable business contacts but also expertise in management, strategic consulting, accounting, and legal issues, all of which are relevant to growing a successful business.

- *Developing strategic expertise in assessing new opportunities:* Such expertise is a prerequisite as Chrysalis seeks to extend its reach to new business customers and larger numbers of job seekers.

- *Creatively leveraging public and private dollars:* As the Chrysalis business ventures have grown, new funds have been required to fill the organization's needs for credit and capital.

- *Developing an excellent reputation:* Chrysalis is widely respected and valued by job seekers, nonprofit organizations, local governments, and both business customers and the business community at large.

Wildcat Service Corporation and the Private Industry Partnership

by Jonathan Schlefer

I. The Intermediary

Wildcat Service Corporation, a nonprofit social service agency, provides training and job-placement assistance primarily for New York City welfare recipients and former convicts. Founded in 1972, its mission is to act as the "program of last resort for chronically unemployed individuals with limited work histories and little or no job skills."

In 1995, Wildcat started the Private Industry Partnership (PIP), an experiment in placing clients in entry-level but relatively skilled jobs with stock brokers and other financial services firms. Although the PIP is relatively young and small—it handled only about 200 of the roughly 2,000 public-assistance recipients served by Wildcat in 1998—it has had major ramifications throughout the parent agency, which plans to model virtually all its employment programs after it.

Typically, agencies like Wildcat have viewed their mission as providing a service for welfare recipients or other clients: training programs provide clients with technical and social skills needed in the workplace, followed by job-placement assistance that helps them enter the labor market. *The PIP reverses this sequence.* PIP managers first locate firms that have a demand for employees to fill particular jobs—often, they have had trouble finding or keeping qualified personnel for these positions. Only then does the program train clients, and it does so specifically for the available openings.

In this sense, the PIP is a "demand-driven" or "employer-oriented" program. It serves not only its public-assistance clients but private-sector employers as well. The employers are customers for whom PIP performs a service—as a ready source of prescreened, well-trained individuals—competitively with private-sector job placement firms.

II. Program Activities and Highlights

The Formation of the PIP

In 1994, Jeffrey Jablow, Wildcat's Executive Vice President for Planning and Development, began thinking about how his organization could improve the way it delivered job training and placement. While the great majority of its clients got jobs, Jablow, who had previously worked in the private sector, reasoned that locating jobs as the first step in the process would, in effect, be a form of rigorous test marketing. Wildcat would establish a much closer connection with employers, focus training explicitly on skills they needed, and improve job placement for clients.

An integral part of the idea was locating the best jobs that clients could fill. After all, the hope is to move them permanently into work that allows them to raise families. An analysis of industries projected to grow revealed that Wildcat clients would not necessarily be limited to low-pay, low-skill jobs. With training, many clients could fill entry-level positions requiring moderate skills and paying moderate wages—often substantially above $20,000 dollars—for example, with stock brokers, investment banks, and advertising agencies.

Jablow reasoned that to design such a program, he would need help from knowledgeable people, yet he doubted that employment agencies that place individuals in comparable $6 to $10 an hour jobs would cooperate. After all, Wildcat would compete with those agencies. Instead, Jablow spoke with a variety of executive search firms: Wildcat would pose little threat to them, yet they had the expertise he sought.

Drake, Beam, Morin agreed to help design the program. With its assistance, Wildcat found and targeted about 20 firms that might need new sources of employees. Along with financial-services and media firms, companies in the health and beauty business were included on the theory that, since they are typically run by women, they might be relatively sympathetic to the Wildcat project. In the end, they were not: the lesson seemed to be that firms make decisions based on the bottom line, and social service agencies can not count on social responsibility as a primary corporate motivation.

Wildcat proposed itself to potential employers as an employment service or resource to fill a niche in the labor market, not as a welfare-to-work program. Yet, by and large, these firms did not evaluate Wildcat's service this way: potential employers felt that Wildcat's welfare orientation would prevent it from ever delivering such a service.

Finally, Drake, Beam, Morin introduced Wildcat to one of its own clients, Smith Barney. At the time, the investment firm had 550 openings, and Barbara Silvan, Senior Vice President of Human Resources, agreed to participate by taking on interns. She notes that this seemed to be a no-risk proposition: she stipulated that she would hire people as permanent employees only if they worked out as interns. As well, Smith Barney could earn tax credits for hiring interns and also reduce its payroll, paying Wildcat $8 an hour for four months versus $20 an hour for a temp from a private agency.

From the start, says Silvan, Smith Barney has been more than satisfied with the interns PIP provides. The program has allowed the firm to reduce hiring time—as most interns became regular employees—and managers are more secure about hiring decisions. After all, the internship lets managers learn a lot about candidates before making them permanent employees.

Getting to that point has not been easy, though. When Jablow started the PIP, he was determined that it should not fail. Wildcat would be in it for the long haul; he would begin cautiously and get things right. He originally set qualifications to enter the program quite high. Even to be considered, clients had to have a high school diploma or GED; they had to have test scores showing that they could actually read and do math at this level; and they had to type at least 25 words a minute. Moreover, Wildcat decided it was more important to provide Smith Barney with well-qualified job candidates than to fill all the openings

the firm had. Wildcat only provided eleven interns the first year, seven of whom Smith Barney hired. (Another two found full-time employment elsewhere.)

Wildcat learned quickly that it had underestimated the time it takes to troubleshoot employer-client relations in the first months of work. Jablow had said that Wildcat was looking for no special favors, but, not surprisingly, welfare recipients have a host of special problems. Wildcat spent far more time than envisioned ensuring that such issues as welfare regulations, child care needs, or dysfunctional families did not interfere with work performance. Jablow says that a social service agency can literally go broke underestimating the amount of maintenance required in an employer-responsive program.

After the PIP's initial success, Wildcat discovered another possible pitfall. Employers with openings to fill didn't want to wait four months for clients to graduate from a pre-employment program. In response, Wildcat "fast-tracked" some PIP clients who progressed unusually rapidly through the technical skills training. After being placed in internships, however, the fast-tracked interns failed with stunning regularity: as Wildcat learned, it takes time for a person to learn critical social skills for the job.

Wildcat has since resisted the temptation to speed up the training process. This concern not to expand too fast, along with the current small capacity of the program, has made it impossible to fill firms' demand for employees. Yet Jablow is convinced that leaving demand unfilled, although hardly desirable, was better than providing poorly qualified interns.

The PIP Program

At any given time, Wildcat has close to 2,000 clients, with about 60 percent receiving public assistance.[1] Clients are typically at Wildcat for three to six months, and all receive some training in technical and social skills needed on the job, as well as placement assistance to enter the labor market.

Clients receiving public assistance, almost entirely minority women, may be referred to Wildcat from the Human Resources Administration (New York City's welfare department), hear about Wildcat from friends, or respond to a Wildcat ad in the paper. They go through an intake process: discussing themselves and their skills, filling out forms, and taking the Test for Adult Basic Education (TABE). Wildcat enrolls the women in training programs designed to meet the "work first" requirements of recent welfare legislation, putting them to work as soon as possible, rather than first providing extended training. Many clients enter Wildcat's "80-20" program: four days of work followed by one day of training.

Three times a year, the PIP program starts about 100 of the most skilled public-assistance recipients to work in financial services and similar industries. To enter the program, the women must meet high requirements, although the bar is lower than for the first group of clients who went to work for Smith Barney. Applicants must have a high school diploma or GED—or seem capable of getting a GED during while they are in the program—and must achieve an eighth-grade reading or math level on the TABE. They must also be drug-free and have no criminal record, which are requirements of the financial services industry. Most important, they must be highly motivated.

Over the next 16 weeks—the initial, pre-employment portion of the PIP program—they alternate between a week of classroom training and a week at worksites doing jobs similar to those for which they are preparing. Public funding provides money to pay them for the work at the minimum wage, $5.15 per hour. At the beginning, PIP Director Donna McGill and training center staff provide an overall orientation to the program, emphasizing that participants will be going through a selective process. They are told that their actual skills matter less (e.g., they don't need to know how to type) than punctuality, motivation, and progress in improving their skills. McGill explains that she will look at them just as a business person would, because that is how she will judge them before recommending them to employers. In

effect, McGill explains, every interaction with her is a mini-interaction with a potential employer.

The training center teaches PIP participants computer literacy, basic accounting, business English, and business math. The staff meets three times a year to consult with employers about business developments that might change instructional needs—a firm might, for example, require stronger accounting skills—and incorporates needed changes into the curriculum. Occasionally a significant shift is necessary. For example, in the fall of 1997, as Smith, Barney was merging to become Salomon Smith Barney, customers were calling so often to ask about their accounts and their new account representatives that the firm had to open a customer service center. Salomon Smith Barney thought the PIP would be the fastest, most efficient way to staff the new center; it contacted Wildcat, which shifted the training to focus on skills needed for this center. Within a few months, Wildcat had provided about 20 of the 30 employees for the new center.

At least as important as acquiring specific business skills, PIP participants learn work-related social skills ("soft skills"). Their training simulates work: they must dress for work (not school), arrive on time, and attend class daily. Those who miss more than a few classes are dropped from the program.

Throughout the 16-week pre-employment program, PIP staff members—McGill and a senior case manager, another case manager, two instructors, a job placement specialist, and a program recruiter—have weekly meetings to talk about participants. At the end of this period, McGill and the senior case manager, along with others in the group, decide which candidates to refer to employers for interviews. Decisions about which candidates to accept as paid interns are made by the employers—now about half a dozen firms, including Morgan Stanley Dean Witter and the ad agency McCann-Erickson, as well as Salomon Smith Barney.

As a rough rule of thumb, about 80 percent of those entering the PIP pre-employment training complete it (some drop out voluntarily; some are asked to leave), and about 80 percent of those who complete the training get internships. Of the $8 an hour employers pay, the interns receive $6; the rest pays for statutory requirements—Social Security, income tax withholding, workers' compensation, and disability insurance. Clients who are not offered an internship still benefit from Wildcat's standard job-placement assistance, and because of their training, they often obtain good jobs. Wildcat seeks feedback on unsuccessful candidates, using it to improve the pre-employment program.

The internships constitute a second 16-week portion of the PIP program. The firms treat the interns like other employees: if someone isn't working out, the employer sends her back to Wildcat. But Wildcat staff try to ensure that they do work out, that Wildcat indeed provides a product that private-sector firms value: competent personnel for hard-to-fill vacancies. Thus, Wildcat's case managers ensure that recipients who begin internships have solved housing, child-care, transportation, and domestic-violence problems. During the internships, McGill and her staff stay in constant touch both by phone and in person with each employer, trying to anticipate and resolve further issues as they arise and before they undermine job performance. And Wildcat case managers continue to act as advocates for clients who are hired permanently, even helping them with non-work problems such as housing court.[2] These post-placement services are part of the overall PIP budget.

In addition to its designated staff, the PIP program uses other Wildcat instructors and work supervisors, and Wildcat case workers help PIP participants, particularly with issues related to public assistance, as they would any other clients. Wildcat has a total staff of about 170; funding for fiscal year 1999, ending June 30, was $30 million, of which $4 million for the PIP. About 50 percent of PIP's funding comes from the federal government through the New York City Department of Employment, 30 percent from the New York State Department of Labor, and 20 percent from the U.S. Department of Labor.

Jablow initiated the program and continues to devote a great deal of time to it, focusing especially on the senior-management task of finding new employers, which he then passes to McGill. She runs the program day to day, along with the training director during the first 16 weeks.

PIP staff members require a somewhat unusual combination of skills: part employment-agency placement associate, part welfare case worker. They must deal one moment with welfare recipients and their problems, then answer a call from a manager at a stock brokerage firm and address his or her needs.

Changing Wildcat

The PIP's biggest challenge has been to change Wildcat's internal culture. Social service agencies often position themselves as an alternative to a job rather than a route to it; now staff members had to learn that the most important measure of success was whether clients got a job. For example, training instructors typically saw success as measured by how many clients graduated from their classes with an A. They had to realize that no matter how many clients got As, if employers were dissatisfied, the training had not succeeded; if employers were satisfied, they had succeeded. Case managers, similarly, had to see that success did not simply mean solving clients' problems with child care and other matters; it meant solving these problems in an opportune and timely way so that clients would not miss work and lose their jobs. In general, Wildcat personnel needed to see corporate employers, no less than welfare clients, as customers—indeed, as customers who often require higher, if different, "maintenance" than welfare recipients.

As well, staff members had to uphold professional attitudes modeling the business culture clients would enter. Welfare workers have traditionally felt that if they treat clients fairly and sympathetically, casual dress and chaotic surroundings are acceptable. This aspect of the welfare-service culture may be reasonable in many circumstances, but it is not reasonable if the aim is to place clients in stockbrokers and other financial-services firms. Wildcat instructors gave the wrong message when, as Jablow puts it, they would talk about dressing for success while themselves wearing sneakers and no tie. To be credible in telling clients to treat class like a job, be punctual, and dress for the private sector, the staff members themselves must do the same.

Wildcat took a number of steps to help change the well-entrenched culture. It hired the PIP's first director with experience in the private sector (in addition to some social-service background) to bring an understanding of its culture and expectations. Staff members were selected for the program and new staff hired for it based largely on their ability to adopt the needed changes, and they met with employers at worksites to get feel for the culture. As well, Jablow made a special effort to support these staff members when they encountered resistance from other Wildcat staff.

Over time, a rather small program—the PIP now handles around 15 percent of Wildcat's welfare clients—has contributed to broad changes in the parent organization's culture. However, even with senior-management support, success has come slowly. When Wildcat advanced from one PIP employer to three, adding McCann-Erickson and Morgan Stanley Dean Witter, apparent cultural changes turned out to be rather superficial. The Wildcat staff's failures to adequately prepare clients to meet employer expectations in the early months of work seemed to grow exponentially. Two decades of inertia are not easily overcome, and much of the Wildcat staff viewed Smith Barney as merely an anomaly in the agency's work. Then, even as the PIP director addressed specific issues with the two new employers when they arose, Wildcat staff came to see them as additional anomalies.

The idea that these firms were not exceptions, that the new, PIP way of doing things would be permanently institutionalized, sank in slowly. Some Wildcat staff members made the cultural change and indeed were re-energized by it; others did not. Indeed, one PIP director unable to re-

spond adequately to employers was dismissed.

Several factors in addition to hiring and supporting new staff helped further the institutional transition. At weekly meetings, the entire PIP staff discussed how clients were doing and who might be selected for internships; these same sessions served as a forum to discuss the progress of the program and help give the staff ownership of it. Ideas aired in the meetings would spread, for example, as instructors talked with other instructors. Tangible results of the PIP program—the clients who got and kept jobs with stockbrokers at relatively high wages, individuals' appreciation of their new jobs—certainly has helped bring Wildcat staff around to the new way of doing things. And media coverage of the PIP program helped reinforce the Wildcat staff's commitment to it. Articles on welfare in the *New York Times*, the *Wall Street Journal*, and *Time* discussed the PIP; local television stations and *Newsday* ran features on it.[3]

Expansion

After years of cautious growth, Jablow is confident of Wildcat's ability to run the PIP program, and so has begun efforts to expand it significantly. A vice president will be hired largely to take over promoting the program and finding new employers. McGill and the senior case manager will continue to handle current employers; two other staff people have been hired to handle additional employers; and yet more are likely to be added in the future. The program will start 350 clients in July 1999; in all, about 1,000 clients will go through it in 1999. In fiscal year 2000, the PIP budget will rise by about 50 percent, to about $6 million. Half will come from the New York City Human Resources Administration (taking this over from the Department of Employment), 20 percent each from the state and federal Labor Departments, and 10 percent from foundations.

At the same time as the PIP expands in numbers, Wildcat has begun to apply the same basic strategy in a program with Chase Manhattan Bank for clients who have lower qualifications. Before contacting Wildcat, Chase Manhattan had processed some 20,000 people in 1996 to fill 1,200 teller jobs, a success rate of 6 percent. Wildcat believed it could do better and developed a program to train clients for that specific job. Clients do not need to get a GED to enter this program, which runs for 8 weeks (as compared with the PIP's 32). Since 1996 the success rate at placing program graduates in teller jobs has been 65 percent, and the retention rate has been 95 percent.[4]

Several factors have allowed—or impelled—Wildcat to continually expand the PIP program. Surely, the fact that a senior individual in the agency—Jablow—has promoted the program was essential to its success and expansion. Excellent results in getting jobs for clients have been crucial in supporting expansion, and media reports (though they only appeared during the PIP's third year) have strengthened support for it. The method of finding jobs first has helped secure funding: one constant amid recent changes in welfare programs is that if you have actual jobs to train people for, you can reliably get funding.

Further, the program has benefited Wildcat staff who are not formally part of it. For example, job developers, who place clients in jobs, see that bringing companies they are working with into the PIP would help them make more placements, so they have given Wildcat management proposals for new companies for participation in the program. The resulting dialog with companies—even those that don't turn out to be good candidates for the PIP program—has created a closer relationship between them and Wildcat, leading to additional placements.

III. Evidence of Success

> *The PIP has been remarkably successful at helping women make the transition from public assistance to jobs earning an average starting salary of $25,000.*

The retention rate for PIP participants has been extraordinarily high: 94 percent of those hired by Salomon Smith Barney, the program's single largest employer, contin-

ued to work there after three years. By comparison, stock brokerages typically lose or dismiss one out of four entry-level employees within the first year. Salomon Smith Barney keeps no separate data on entry-level employees, but overall its turnover rate is 18 percent per year.

A study completed in June 1998 by James Stothers, adjunct professor at John Jay College, compared the success of three groups of Wildcat clients: those who had been through the PIP program; those who had not been through it but had received comparable classroom training; and those who had been given work experience only. Those in the two non-PIP programs were roughly comparable in educational and work backgrounds (they themselves picked one program or the other). The PIP program was highly selective but very small at the time; many clients in the other two programs had equivalent backgrounds. Perhaps not surprisingly, given a rigorous selection process, PIP participants had a placement rate of 86 percent, compared with 74 percent for those with classroom training, and 58 percent for those with work experience only. The starting salaries for PIP participants averaged 60 percent above the poverty line for a family of four, compared to 20 percent above the poverty line for classroom-training-only clients and at or below the poverty line for work-experience-only clients.[5]

More telling of the effectiveness of the PIP, the results suggest that it helped participants make the most progress, regardless of their starting points. PIP participants got jobs paying nearly $5,000 higher than their highest previous salary. The salaries of classroom-training participants increased about half as much, and work-experience participants showed no improvement or even a decrease. As well, the PIP program was most effective at helping clients who had been out of the workforce for a long time. It provided enough training—and credibility with employers—that participants who had been out of the workforce for three to nine years achieved the same placement rate as those who had worked within the previous three years. By contrast, in the other programs, the portion of participants out of workforce for three to nine years who found jobs was only half as great as the portion of those in the workforce within the last three years who found jobs.

> *Based on the PIP's success, its largest client (Salomon Smith Barney) asked Wildcat to replicate the program for other divisions of the firm, including efforts in Baltimore and Atlanta.*

For example, Citigroup, now the parent firm of Salomon Smith Barney, asked Wildcat to help replicate the PIP program for Commercial Credit in Baltimore. Despite a long search, Wildcat did not find a local service agency in Baltimore that seemed to be a suitable partner to run the program there, but it learned that the Hoffberger Foundation was planning to start a new employment training initiative, the Maryland Center for Arts and Technology (MCAT). Wildcat and the Hoffberger Foundation agreed to work together to replicate the PIP program. One of Wildcat's critical contributions, perhaps the most critical, was to provide a source of jobs—Commercial Credit. Jobs seem to be the key to practically everything else. With this element in place, MCAT has readily been able to get funding, hire staff, and start up.

IV. Future Directions

No one knows enough about New York City's welfare population to say with any confidence what portion has the skills necessary for the PIP program, but it is likely that as more welfare recipients go to work, the needier will be left. Yet Jablow believes that the basic PIP model is applicable to anyone who is employable. Wildcat's long-term strategy is to apply its employer-oriented approach more widely, connecting clients with fewer skills than the PIP requires into lower-skilled jobs.

One step in that direction is the program to train clients for jobs as Chase Manhattan bank tellers. On a much larger scale, Wildcat is beginning a three-year demonstration project, with a $2 million grant, 50 percent from Citigroup and 50 percent from the New York State Department of Labor. Working with clients who would not meet the PIP's eligibility standards, it will seek

employers that need to fill jobs these people could perform, then train clients accordingly. For example, freight handling companies might offer lower-skilled jobs than do the PIP's Wall Street customers.

This program, which starts in mid-1999, will serve clients with more serious personal problems than individuals accepted into the PIP program. They will include homeless single adults, former substance abusers, recovering alcoholics, battered women, and former beneficiaries of a state welfare program for unemployed adults without children. Although Wildcat has had such clients in the past, it has not specifically targeted them, and it has generally referred them to other agencies to resolve serious personal problems before taking them into its employment programs. Thus, it is teaming up with other social service agencies that have experience dealing with these problems, including Bowery Residents' Committee, Women in Need, and Lenox Hill Neighborhood House. Over time, Wildcat plans to add six more such agencies to the program. Public/Private Ventures of Philadelphia will evaluate whether this program modeled on the PIP can sustain comparable success as it targets additional employers and a far more troubled population.

V. Lessons

> *The essence of an employer-oriented strategy can be the biggest obstacle to getting started: finding a firm committed to hiring clients.*

Especially when implementing a new program, social service agencies face a Catch 22. When they set out to find private-sector partners, they have little track record in that sector, but firms want to see evidence of results before making commitments. That's why Wildcat's best advocates today are employers already satisfied with the PIP program.

Of course, this problem affects any start-up, but social service agencies bear an additional burden: private-sector firms tend to view them as social service programs rather than quality sources for competent employees. If Wildcat encountered this problem, with its 25 years of experience placing clients in jobs, it is likely to affect practically any social service agency. And as Jablow discovered, going to firms that might seem sympathetic for non-business reasons is not necessarily the solution. A start-up program must persuade firms that it can help solve business problems.

The PIP experience suggests two strategies for overcoming the obstacle of finding the first employer. The Maryland Center for Arts and Technology illustrates one approach: Wildcat used the PIP's credibility to assist the start-up of MCAT. Another strategy is to seek advice and contacts from different kinds of individuals and organizations—as Wildcat did when it went to an executive employment agency. A variety of possible firms or individuals, including the members of the agency's own board of directors, may fill this role.

The bright side, as MCAT found, is that once an agency enlists one employer partner, it will not only be able to place its clients in jobs there but will generally also have an easier time with other implementation steps: hiring qualified personnel and getting funding. Indeed, funders are eager to support agencies that can virtually guarantee to move welfare recipients into the workforce.

> *Perhaps the greatest obstacle social service organizations face in expanding employer-oriented pro-grams is the need to recreate the internal culture, marketing them-selves as businesses selling a service—trained, dependable employees for hard-to-fill positions.*

Jablow believes that the task of profoundly changing entrenched ways of serving welfare clients is more constraining than limits on funding, available jobs, or skilled clients.

First, an agency's managers, in particular senior managers, must sell the program and find jobs to place clients. That is, they have to overcome everything they tell clients to overcome: they need self-confidence and persistence despite repeated rejections. The fact that one of three directors hired for the PIP program couldn't adequately do this part of the job suggests

that capable, qualified staff may not be easy to find. (Another director left for a different job.)

Second, marketing the organization —and disadvantaged clients— requires a broad internal cultural shift. Everyone must be sensitive to employers' expectations, treat them as important customers, and communicate their expectations to clients.

Steps to help transform the internal cultural change include:

- Selecting or hiring staff members for the program who accept the need for change. These individuals can serve as mentors to others.
- Discussing the need for change and the goals of the program in staff meetings, for example, during meetings to evaluate clients.
- Making sure that senior management continually supports the needed change and supports individuals promoting this change.

At the same time, success can strengthen cultural changes and have broad effects across an agency, improving morale and promoting a more entrepreneurial spirit. As the PIP has helped its clients find and succeed in the labor market, these results have changed the outlook and approaches of other Wildcat staff.

> *Successful programs like the PIP serve a very small portion of the welfare population, and they are unlikely to expand rapidly. Nevertheless, the approach may be widely applicable— given time and an hospitable labor market.*

Programs like the PIP are relatively small so far simply because the idea is fairly new, but obstacles to rapid growth seem inherent in the approach itself. Much of Wildcat's success can be attributed to its conscious attention to the long run, expanding slowly enough to resolve problems that inevitably arise—in addressing employers' expectations, providing a service that genuinely saves them time and money, and shifting the agency's internal welfare-service culture. As well, Wildcat found that accelerating the training process itself only sets clients up to fail on the job. Although Wildcat serves about 2,000 public-assistance clients a year, the PIP program only placed about 100 clients in jobs in the first three years and 200 in the fourth year. And this only counts the length of time that the program has actually operated; planning required an additional year.

An employer-oriented strategy often means targeting a particular industry, firm, or even job within a firm, thus restricting the type of clients eligible for the program. Yet Wildcat's experience with placing clients in $17,500-a-year jobs as bank tellers at Chase Manhattan suggests that the demand-driven model can be applied to clients with fewer qualifications than required for the PIP. And Jablow believes that the strategy should be used for virtually anyone who is employable.

> *An inherent part of the PIP strategy of finding jobs first, then training clients to fill them, is to locate not just any jobs but the best jobs clients can perform.*

The PIP strategy cannot itself produce well-paying jobs; by definition, it is restricted to meeting private-sector demand. But agencies implementing the strategy can—and should—seek to provide clients with the best possible jobs available in the private sector. Doing so obviously benefits the clients, but it also benefits employers and the agency. A major problem faced by firms seeking to fill entry-level positions is finding employees who understand the job and *want* to do it. For example, banks often find that employees leave halfway through training or, worse, after the job starts, saying that if they had really known what the job was like, they wouldn't have applied for it.

The retention rate is far higher if agencies like Wildcat find the best jobs clients can plausibly fill, explain to the clients what the work will entail, and train them for those tasks and environments. The fact that employees are more likely to stay benefits the employer—and gives the agency a reputation as a source of dependable employees.

Endnotes

[1] The other 40 percent of Wildcat clients are former convicts who, because of requirements imposed by funders, must begin work immediately. Wildcat bids essentially like a private contractor on such jobs as graffiti removal and demolition. It bills for these services and provides on-the-job training by employing clients in these jobs.

[2] Some employers offer workshops to help interns understand and function in the firm. For example, a Salomon Smith Barney workshop covers how to receive and constructively use performance feedback, in particular supervisors' first appraisals.

[3] In making this change, Wildcat had a important advantage. The PIP received extraordinary press coverage because of its pioneering efforts. This publicity has inspired pride within Wildcat and enormously boosted efforts to change its culture. All Wildcat clients view a segment about the PIP produced by a local TV station. Other agencies are not likely to benefit from such publicity.

[4] Whether anyone can raise a family in New York City on $17,500 a year, the salary for these jobs, is a question, but it is one that social service agencies cannot do much to resolve.

[5] The sharp difference between results for classroom versus work-only participants casts doubt on the popular idea that welfare recipients should be put directly to work.

WIRE-Net and the Hire Locally Program

by Patricia Ma and Tony Proscio, Public/Private Ventures

I. The Intermediary

Hire Locally is a decade-old initiative that provides a short and intensive employability skills program for low-income residents of Cleveland's west side and connects them to entry-level jobs with local employers. It is part of the Westside Industrial Retention and Expansion Network—WIRE-Net—a community-based organization whose mission is to retain, grow, and attract industrial and related employers to the west side and to engage them in the community. Although the idea for Hire Locally originated with residents, WIRE-Net's customers are, in effect, businesses. It does everything possible to help companies remain in the west side, prosper, and employ local people.

WIRE-Net was created in 1986 by three neighborhood development organizations—Cudell Improvement, Inc., Detroit-Shoreway Community Development Organization, and Stockyard Area Development Association. (Westown Community Development and the Bellaire-Puritas Development Corporation joined later.) Like many community development corporations (CDCs), they began to take action on employment after establishing a track record in organizing and developing residential neighborhoods. By the time it launched Hire Locally in 1989, WIRE-Net had become a trusted ally and consultant for many west side manufacturers and had compiled extensive data on local businesses and their needs.

By consolidating their target areas, business services, and employment efforts, WIRE-Net's member CDCs both expanded the pool of available employers and achieved a critical mass of activity that justifies the staff and resources required to perform these services well. The consolidated community boasts some 600 small or medium-sized manufacturing concerns, amounting to three-quarters of area businesses, an unusual concentration of employers with similar needs. To receive services, companies can join WIRE-Net; 180 of them pay from $100 to $1,500 a year, depending on a firm's size and its level of membership. In addition, hundreds of non-member firms receive a narrower range of services, including workshops and printed information.

Hire Locally: WIRE-Net's Employment Initiative

Hire Locally combines elements of traditional, community-based employment programs with those of newer "sectoral" initiatives. A sectoral community development strategy, as defined in a 1995 study, "*targets* a particular occupation within an industry and then *intervenes* by becoming a valued actor within that industry for the primary purpose of assisting low-income people to obtain decent employment, eventually creating systemic change within that occupations labor market" (emphasis in original).[1]

The targeted occupation in this case is entry-level operator and laborer jobs in manufacturing, although Hire Locally has placed applicants in positions at various skill levels in both manufacturing and other businesses. The program does not determine the target in advance, but rather bases it on the most common matches between employer needs and the skill levels of applicants. The target could change if skills improved in the applicant pool (for example, through training or education programs).

Hire Locally's intervention goes well beyond preparation and referral services for applicants. The program's most important characteristic is an ongoing relationship with member and non-member firms—getting to know their operation and needs, spending time on the shop floor to understand the demands and conditions of particular jobs and plants, and consulting at length with employers about past placements and future needs.

This approach reflects a very common operating principle: applicants should be placed in a job, or at least a daily work regimen, as quickly as possible. This practice of rapid attachment to the workforce, less formally known as "work first," presents real challenges, but it has also shown encouraging results, even in programs heavy on training and where the philosophical core is the applicant's development as distinct from employer needs. For a program like Hire Locally, whose mission is driven by the recruitment needs of its business members, work first is an even more natural part of the program architecture.

II. Program/Activity Highlights

The typical applicant comes to Hire Locally unemployed, although not for as long as most unemployed residents of Cleveland's west side. More than one-third of applicants have been unemployed for a month or less; the median spell of unemployment is three months, compared to nine months for other out-of-work west side residents.[2]

Nor is the typical applicant as disadvantaged in the labor market as most unemployed west siders: three-quarters have a high-school diploma or the equivalent; a third have some postsecondary education. In WIRE-Net's service area, 45 percent of the unemployed have not finished high school; only 20 percent have education or vocational training beyond high school.

Nonetheless, Hire Locally's applicant pool needs help and is, in some cases, every bit as challenged as the rest of the west side's jobless: 12 percent of applicants have been unemployed six to eleven months, and another 15 percent for a year or more. Nearly half of Hire Locally applicants have earned no more than $6 per hour.

This applicant profile is consistent with Hire Locally's design and represents a deliberate balancing of aims. On one hand, Hire Locally depends on its ability to refer desirable, appropriate applicants to employers. On the other, its mission includes working with the unemployed and underemployed, especially those who have had a hard time finding and holding a job.

Step 1: The Orientation Workshop

Any resident can walk into WIRE-Net and seek Hire Locally's help by filling out an application. Most people find out about

the program informally; about half come in on the suggestion of a friend or neighbor. WIRE-Net also circulates flyers and newsletters and relies on member CDCs, local churches, and other neighborhood institutions for help in outreach. Very few of Hire Locally's applicants are referred from government welfare agencies, although some come from community-based social service programs.

Many applicants simply want to check for job openings and get referrals.[3] However, nearly all applicants are first directed to either a two-hour or four-hour workshop, and most people who come to Hire Locally do so by showing up at a workshop, typically in response to an ad, flyer, or some other general announcement. The two-hour workshops, with 20 to 25 participants, take place weekly at WIRE-Net. The longer workshops take place eight times a year at schools and community centers, with 40 to 45 applicants attending.

Both kinds of workshop cover basic employability skills, job-search techniques, and factors that help in job retention, such as dealing with conflict and learning from criticism. At the longer workshops, employer representatives describe their companies and needs, what is expected of applicants and employees, and specific openings that are available at the time.

Step 2: Individual Assessment Interviews and Support Services

WIRE-Net reports that roughly two-thirds of applicants complete a workshop and proceed to a one-on-one interview with a member of Hire Locally's employment staff. The first objective is to determine whether the candidate is job-ready or still faces a significant barrier, such as lack of education, training, child care, or transportation. Those who face such barriers are referred to a social services manager and return after the problem is addressed.

Hire Locally added the support services component in 1997 to help applicants clear employment barriers and overcome post-placement problems. Social services staff help ensure that applicants deal with essential needs before job referrals. Staff connect applicants with appropriate local resources or help them think through possible solutions. (In the process, applicants can get help applying for public benefits, getting food assistance, or pursuing a GED, although these are not prerequisites for moving to the job referral stage.)

After addressing the most serious problems, the applicant and employment staff meet again to develop an employability plan and determine the applicant's skills, interests, aptitudes, and accomplishments. An informal but in-depth screening process helps applicants size up their immediate job prospects and prospective training and education needs. The main purpose is quality assurance: to avoid wasting the time of the employer and applicant with inappropriate referrals.

Staff members estimate that about 5 percent of applicants have little chance of getting a referral because of a severe lack of skills or basic ability or because of current or recent substance abuse. However, some applicants drop out of the process at this stage because they decide they are not interested in manufacturing or feel they may fare better on their own.

Staff members generally believe that motivation is the key to most successful placements. The interview gives Hire Locally staff the opportunity to gauge applicants' motivation firsthand, including their likelihood of remaining on the job if hired and their interest, if any, in training and advancement.

During the interview, the staff member reviews the applicant's background, interests, and skills, especially those involving machinery. The interviewer tries to determine how much the applicant learned from the workshop, as well as, in the staff's words, whether the applicant has the "personality, drive, and honesty" that appeal to employers. One interviewer estimated that 20 percent of workshop attendees receive job referrals immediately after the interview, but the rest typically return at least once for more assessment. The interviewer may ask an applicant to do a "special assignment" for the second meeting, such as revising a resume, partly to determine whether the applicant can

follow through on commitments.

Step 3: Job Matching and Referrals

Hire Locally provides job referrals to most applicants (71%) who complete the employability workshop and follow-up interview.

Given that most program job openings are entry-level positions in industrial firms, applicants with some manufacturing experience are more likely to get referrals than those without it or those with higher skill levels seeking higher wages. Almost 40 percent of the referred applicants had performed manufacturing work and 55 percent had machinery skills. Just 20 percent of those who were not referred had manufacturing experience. Those who received job referrals were somewhat more likely to have a high school diploma or equivalent (83 percent versus 74 percent).

However, those who get referrals are not necessarily the most advantaged applicants. A slightly higher percentage of unemployed and non-white applicants received referrals than did those who were employed or white, and the annual household income of those who received referrals was about $3,000 lower than those who did not.

Hire Locally serves all applicants in some way. Those who do not get referrals may get help preparing a resume or planning a job-search strategy, or Hire Locally may refer them to a union office, a specialized temporary agency, or the unemployment office to apply for benefits.

An Alternative Step 3: Basic Skills Training

Hire Locally has added a small program of formal training for applicants who are not ready for manufacturing jobs. Those selected for this step meet two criteria: they lack the minimum experience and skills typically needed for manufacturing and appear willing and able to learn in a classroom setting.

The core of this program is a 160-hour Basic Skills in Manufacturing course, designed by WIRE-Net and member companies. It consists of 20 hours per week of classroom work at Cuyahoga Community College's Unified Technology Center and 20 hours per week of on-the-job training at a WIRE-Net member company. Each student is "sponsored" by the member company, which also agrees to consider hiring the student upon completing the course.

Applicants for training take formal tests of reading and math skills, aptitude, and career interest. Also, they are tested for drug and alcohol use and interviewed at four levels: WIRE-Net, the Cleveland Public Schools' Adult Education Division, Cuyahoga Community College, and the prospective employer/sponsor. Representatives of these four institutions meet to select the final participants. The most recent round assessed 32 applicants and selected 20 for training; 16 graduated.

III. Evidence of Effectiveness

> *Hire Locally has placed a diverse cross-section of residents in manufacturing jobs, mostly entry-level positions requiring few skills.*

Step 4 in the Hire Locally process is employment. Of the people contacted for this study who had applied between March and June 1997, 35 percent found a job through Hire Locally, equivalent to about 160 people annually.[4] Somewhat more applicants (42%) found work on their own. Another 14 percent did not find any job in the six months after their application, and 9 percent retained a job they held when they sought help from Hire Locally.

It would be misleading to put Hire Locally's "success rate" at 35 percent, however, especially when comparing the program to other employment efforts. Hire Locally is neither an all-encompassing nor an exclusive service—many applicants go there as just one tactic in their job search. It is reasonable to infer that many who find jobs on their own benefit from Hire Locally workshops, counseling, and so on. In fact, many employment programs include some or all self-placements in their "success rate," which would bring Hire Locally's

"successes" to 76 percent. Yet that figure is almost certainly too high; a fair measure of success lies somewhere between 35 and 76 percent.

> *Hire Locally's balance between meeting employer needs and a mission to serve underemployed and unemployed residents appears to be working.*

Many employers rely on Hire Locally as a standard means of recruiting employees, often in preference to employment agencies and newspaper ads. They trust the program to prepare applicants for interviews, acquaint them with basic workplace expectations, and follow up after hiring if problems arise. Says one employer, Hire Locally's "placement personnel are genuinely interested in my business and getting the right person for the job."

Nonetheless, Hire Locally applicants need help. Over 70 percent are unemployed, and half of those have been unemployed for three months or more. Even those who were employed when applying had low wages, temporary, part-time jobs, or both. Their median wage was $6.50 an hour; the average household income was $17,222.

> *At this stage, the systemic change that Hire Locally has produced has mainly been in the creation of access routes.*

Hire Locally assistance to low-income people includes not only job placement but also job development: the close relationship to employers and special knowledge of their needs creates an access route for residents, most of whom qualify as low income. Although Hire Locally does not seek out the lowest income or most disadvantaged applicants, that is not unusual for sectoral programs, which define their mission according to the needs of employers at least as much as those of applicants.

Local firms have not changed staffing plans to accommodate a low-income labor supply, nor does Hire Locally explicitly seek such changes, but it has opened or widened channels between these firms and a local labor pool that some employers did not know how to access. Hire Locally essentially absorbs the painstaking—and for many employers, uneconomic—task of screening applicants, preparing them for application and eventual employment, and resolving subsequent problems.

> *Jobs obtained through Hire Locally pay more than jobs that applicants previously held or found on their own and are more likely to carry health insurance and other benefits.*

Hire Locally placements resulted in a 10 percent increase in median wages compared to applicants' previous employment ($7 an hour versus $6.36). By contrast, applicants who found jobs on their own ended up with a 7 percent lower median wage ($6.38 per hour versus $6.88).

Of Hire Locally placements, 68 percent ended up with health insurance, 63 percent with sick leave, and 52 percent with paid vacations. Applicants who found their own jobs improved their likelihood of benefits but less often: 51 percent received health insurance, 27 percent sick leave, and 51 percent vacation time.

> *Of applicants who came to Hire Locally between March and June 1997 and were placed in a job, almost half held that job six months later.*

Another 23 percent had moved to another job, which tended to pay more than the first job obtained through Hire Locally. However, the new jobs were less likely to be in manufacturing.

About 30 percent of placements were unemployed at the time of follow-up contact. This group tended to be slightly less educated, older, and poorer than those who remained employed. They had lasted an average of 44 days in the Hire Locally job, and most left for reasons other than pay—usually poor health, conflicts with the employer, or a lack of transportation. It appears that this group had found generally less-desirable jobs to begin with: two-thirds lacked health benefits, for example.

While this job retention rate is not markedly better than those of other employment programs, the results may improve. When interviewed for this study, both staff and

employers considered retention services Hire Locally's weak link, and Hire Locally has added a social services manager to its staff, responsible for (among other things) intervening when placements have trouble keeping jobs. Hire Locally has also begun conducting job-retention workshops, open both to those who are employed and those who have lost jobs or are still looking.

Within 10 days of making a referral, the Hire Locally job developer still calls the employer to determine whether the candidate was hired and, if so, how the placement is going. In contrast, the social services manager now follows up with the employer at 30, 90, 180, and 360 days.

That follow-up process is new and evolving, however. The program is encouraging employers to think of the social services staff as a resource when problems arise, and if a problem appears, Hire Locally now maintains more frequent contact with the employer until the issue is resolved.

> *Hire Locally seems to have found a middle course between purely sectoral strategies, which tend to be regional, and the community-based strategies favored by residential groups (and very often by government).*

In this respect, Hire Locally is atypical. WIRE-Net's origin as a collaborative of several community organizations makes its geographic base larger than a single city neighborhood. Yet it is plainly not "regional" either, given that its work and membership are concentrated in one part of Cleveland.

Hire Locally's ability to concentrate on a broad but clearly bounded community derives largely from the area's concentration of manufacturers with similar needs—a critical mass of labor demand that in other cities would more likely be dispersed throughout a wider metropolitan area.

In fact, WIRE-Net's focus on a coherent community is not an accident of the local economic geography. Much of its appeal to member companies derives from their feeling of a shared stake in the surrounding area—something that a strictly regional effort could not tap as readily.

IV. Future Directions

WIRE-Net's new sectoral initiative will provide west side residents with a more extensive skills-training program, affording them access to higher-paying jobs with opportunities career advancement.[5] The initiative seeks to:

- *Create an employer-driven responsive system:* Building on its Basic Skills in Manufacturing course, WIRE-Net's training will target specific occupational areas. Working with manufacturers to identify key skills at various levels of each machine trade, it will train participants for a lifetime of work within a specific occupational sector.

- *Centralize training and recruitment:* Cleveland's employment and training programs are fragmented, so WIRE-Net is working to share knowledge and resources and develop collaborative training programs.

- *Change the local attitude toward work in the manufacturing sector:* West side residents come to WIRE-Net because it provides a quick pathway to the workplace. Because the sectoral initiative provides for much longer-term training, people need to understand the low opportunity cost of postponing employment during training.

V. Lessons

> *Hire Locally's success in finding jobs with superior wages and benefits, and in doing so quickly, seems to derive from: 1) the generally superior compensation available in Cleveland's manufacturing sector; and 2) WIRE-Net's close working relationship with local industry.*

The working relationship between WIRE-Net and its surrounding businesses is not merely an asset the program can leverage, it is a product of the program and the service it renders. In some respects, the benefit applicants derive from Hire Locally comes less from services they receive on-site than from services they do not

see—the job development, relationship brokering, and problem solving that Hire Locally staff provide employers behind the scenes.

> *Hire Locally's most significant feature seems to be its focus on employers as its main "customers."*

Because Hire Locally is "demand driven," the program builds confidence and establishes a partnership role with businesses that apparently is matched by few other job brokers. In recent years, more and more jobs programs have begun to view the employer as the customer; Hire Locally has operationalized this policy with unusual success.

That partnership in turn becomes a valuable resource to applicants. In fact, the more disadvantaged the applicant is, the more valuable is Hire Locally's ability to advocate for that applicant to a trusting employer. The value to job seekers lies precisely in the fact that Hire Locally keeps the interests of employers preeminent.

Although P/PV could not survey a large or random enough sample of firms to get their views on this relationship written information from 40 companies provides an anecdotal picture of hiring practices, needs, and relationship with the program. The overwhelming message: the Hire Locally approach to employer needs and circumstances makes it an attractive source of job referrals. Government employment programs are too bureaucratic, employers said, and newspapers bring in too many random candidates. Even private employment agencies compare poorly, in the employers' view, because they do not learn as much about the workplace and its specific requirements.

> *Employers do not appear to be so enamored of Hire Locally that they hire candidates whom they would otherwise not accept.*

Despite rating Hire Locally better than private employment or temporary agencies, many employers judged the candidates themselves only marginally better than applicants from other sources. Asked what Hire Locally should change, most employers recommended tighter and more consistent screening. However much managers may prefer the program, most still get most employees through newspaper ads or referrals from current employees.

It seems clear Hire Locally cannot push too hard for candidates whose background and interview do not satisfy employers. But candidates—especially marginal ones—may be more likely to get careful consideration by coming through Hire Locally than through another route. And Hire Locally seems to have created or reinforced a desire among many employers to give residents a leg up—at least when all else is equal or nearly so.

> *WIRE-Net's combined appeal— strategic employment targeting and a broad community-improvement agenda—is what makes community-based employment programs politically popular despite an uneven record.*

Policymakers believe, with reason, that communities want and deserve an integrated approach to intertwined economic problems, hence the durability of empowerment zones and other neighborhood-based federal initiatives. But economists respond that neighborhood boundaries are too confining for effective employment programs. It is rare for communities to manage a compromise between those two positions, but WIRE-Net appears to have done so.

Would it work elsewhere? That depends on employers' locations and a program's ability to target jobs that match the applicant pools' skills and education. Making that delicate match often requires a network of employers that does not fit neatly into even broadly drawn community boundaries. In WIRE-Net's case, though, the two agendas are not only compatible, they reinforce one another.

> *Employment programs are not always a natural "fit" with community development programs.*

Employment programs require considerable staff, expertise, and time devoted to building relationships of trust with em-

ployers, learning the specific needs of individual industries and businesses, and developing methods of screening, training, and counseling applicants so that placements yield mainly positive experiences for employers and employees alike. Few CDCs have, or need to have, these assets in-house. To create an employment program, all of this has to be developed or hired in—a process that is time consuming, expensive, and long on risks.

Yet CDCs cannot ignore employment problems if they want to remain effective and credible in low-income communities. The more successfully they improve housing, public services, and commercial real estate, the more their constituents can train attention on other community problems—and most often, employment is at or near the top of the list. Just as important, neighborhood real estate, both residential and commercial, will always be in trouble if businesses are closing or moving away or if residents are having trouble paying their rent. By one route or another, CDCs find themselves needing to reinforce local businesses with services that include employment.

Endnotes

[1] Peggy Clark et al. *Jobs and the Urban Poor: Privately Initiated Sectoral Strategies,* Washington, DC: The Aspen Institute. 1995. Definition, p. 7.

[2] To assemble a picture of what happens to Hire Locally applicants as they make their way through the program and to gauge their satisfaction with the service, P/PV attempted to reach and interview all 190 people who had applied between March and June 1997. It was able to contact 113 people, or 59 percent of the total.

[3] Hire Locally refers a few applicants—those who already have experience, satisfactory work histories, and other requirements for known vacancies—for an interview immediately.

[4] Program management report higher numbers of placements in earlier periods. Staff changes during the study period may have reduced the rates.

[5] This section is adapted from Mark Elliott and Elisabeth King, "Labor Market Leverage: Sectoral Employment Field Report," Field Report Series, Public/Private Ventures, Philadelphia, 1999.